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Cuba

Raul Castro Tours Eastern Part of Country

FL0402223891 Havana Radio Reloj Network in Spanish 2032 GMT 4 Feb 91

[Text] Army General Raul Castro visited military units, road and waterworks projects, and other Guantanamo Province centers on the fourth and fifth days of his tour through the eastern part of the country. The second secretary of the party and his companions expressed interest in various tasks related to the food program, the preparation of the theater of operation for defense, the progress of the Turquino Plan, and the people's initiatives to face the difficulties brought by the special period during times of peace.

Raul Castro's tour through a segment of over 50 km of the Mulata road was of particular interest. This road is a monumental project under construction in the northeastern mountains.

The army general held lively chats with the combatant and working people in various places. He was able to confirm the revolutionary spirit of the people from Guantanamo.

Visiting Supreme Soviet Delegation Ends Visit

FL0402134591 Havana Tele Rebelde Network in Spanish 1200 GMT 4 Feb 91

[Text] The Supreme Soviet delegation, which had been visiting Cuba since 27 January in response to an invitation extended by the Cuban Education Ministry, has departed for the Soviet Union. The delegation was headed by (Nikolay Patrichev), chairman of the education and family affairs sub-committee. During its stay in Cuba, the Soviet delegation visited science, educational, and cultural centers.

Present at the airport to bid goodbye to the Soviet delegation were Zoila Benitez, vice president of the National Assembly of the People's Government; and Education Minister Luis Gomez Gutierrez.

[Begin unidentified Soviet delegation member recording in Russian with passage-by-passage translation into Spanish] [Passage indistinct] Our work consisted of learning about the education level, and assessing current problems so that people in the Supreme Soviet will be better aware of Cuban issues. [end recording]

NOTIMEX, PRENSA LATINA Sign Agreement

PA0402035291 Mexico City NOTIMEX in Spanish 2315 GMT 3 Feb 91

[Text] Havana, 3 Feb (NOTIMEX)—Today the Mexican news agency NOTIMEX and the Cuban Agency PRENSA LATINA signed a cooperation agreement here that will enable, for the first time, the transmission of the Mexican news agency in Cuba.

NOTIMEX Director General Pablo Hiriart and PRENSA LATINA Director General Pedro Margolles signed the agreement during Hiriart's visit to Havana.

The agreement will allow for the exchange of news services from both agencies, as well as its dissemination in each country.

During his visit to Cuba, which ended on 3 February, Hiriart met with the various Cuban media interested in receiving the Mexican news agency's service. The head of NOTIMEX also had a meeting with Carlos Aldana, chief of the Department of Revolutionary Orientation of the Communist Party of Cuba.

Factory Builds Water Pumps With DPRK 'Experts'

FL0402214691 Havana Tele Rebelde Network in Spanish 1200 GMT 4 Feb 91

[Text] Workers from the Nine April Mechanical Productions Enterprise, located in Sagua La Grande Municipality in Villa Clara Province, have started to manufacture 300 vertical water pumps to be used in the food program.

These vertical water pumps, which raise up to 75 liters of water per second, will be used to promote and develop sugarcane industry and to farm vegetables. This factory manufactured 25 vertical water pumps in 1990 with the assistance of DPRK experts.

Construction work will begin within a few days for the installation of a smelting plant in the furnace factory. This plant will manufacture spare parts and equipment parts for the sugarcane and vertical pumps industry. Each vertical pump will save the country about 13,000 pesos in freely convertible currency.

It is expected that when the factory reaches its full capacity, it will be able to deliver about 12,000 units per year.

PCC Represented at Mexico's Socialist Congress

FL0402230091 Havana Radio Reloj Network in Spanish 2053 GMT 4 Feb 91

[Text] The people attending the 14th Congress of the Popular Socialist Party of Mexico reiterated today their anti-imperialist projection, their opposition to the official neoliberal policy, and favored the creation of alliances for the August elections.

The organization was founded by Vicente Lombardo Toledano, who was remembered by those attending the congress. The meeting ended with the ratification of its Secretary General (Indalecio Sallago) and approval of the new Central Committee.

Jose Luis (Ojalde), representative of the Communist Party of Cuba [PCC], spoke during the congress' closing session. The delegates gave him a resounding welcome with cries of: Cuba Yes, Yankees No. (Ojalde) said our country will not yield even though it is between two lines of fire: on one hand the growing U.S. pressures and on

the other the difficulties created by the disappearance of what used to be the socialist camp.

11 Charged With Cocaine, Currency Trafficking

FL0202130291 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Feb 91

[Relay from Holguin by Alexis Triana]

[Text] It was learned here this afternoon that legal proceedings have begun against 11 people, one of whom is a German citizen. These people have been charged with drug and currency trafficking. Charges have been filed against six Holguin and three Santiago de Cuba residents. Radio Rebelde's microphones were at court room No. 3 of the Holguin provincial court during the proceedings of this case which has been labeled 1885/90.

According to the Holguin provincial prosecutor's office, the case started when German citizen (Karl Smith) was searched at the Jose Marti International Airport. The authorities found that (Smith) had a small container with four grams of cocaine hidden in his underwear. Another four grams were found in his suitcase.

A series of events led the authorities to the Jibara Municipality, in the northern coast of Holguin Province. It was established that construction worker Santiago Pena Tejada and Luis Enrique Velazquez Pena, unemployed, had accidently found a bale [as heard] of cocaine which had reached the coast. It seems that drug traffickers had hurled the cocaine to the sea out of fear of being caught on international waters. Instead of reporting this incident to the proper authorities, Pena Tejada and Velazquez Pena hid the cocaine and decided to illegally sell it in the country.

To carry out their plan, they contacted Reynaldo Martinez Tejada, known as Sichito, who had previously been sentenced for drug trafficking; and another unemployed Holguin citizen identified as Ricardo Tejera Velazquez. These two men, in turn, sold the cocaine to a Jibara fishing enterprise driver identified as Fernando Aguilera Castano and an unemployed citizen identified as Pablo Antonio Caballero Ramos, known as El Negro.

I reassert that, according to the legal records, a portion of this cocaine arrived in Santiago de Cuba City. It is at this point that Juan Rene Said Aquino, a shoe maker; Luis Candido Aguila, and Baldomero Corona Cabrera—known as Merito—also unemployed, got involved in this case.

The court states that after these events, the cocaine reached German citizen (Karl Smith), who was in Cuba as a tourist, and his Cuban wife, (Gloria Yurine Echevarria). The majority of the accused admitted their involvement during the preliminary proceedings. They even took the authorities to the site where they found and hid the drug.

The trial has been postponed for 16 February because one of the defense lawyers has been unable to appear in court. As you know, Cuban laws establish that a citizen has the right to be represented by another lawyer if his is not available. However, the German citizen and his wife preferred to have the trial postponed so that their lawyer, which according to them has evidence in their favor, could represent them to the court. This trial has, therefore, been set for 16 February.

* Cuba, Mexico Discuss Debt Payment Options

* "Definitive Solution" Sought

91p40131A Mexico City LA JORNADA in Spanish 19 Jan 91 p 31

[Text] Havana, 19 Jan (NOTIMEX)—Mexico and Cuba are "studying concrete alternatives and projects which will permit a definitive solution to the debt" of that Caribbean country, Bancomext [National Foreign Trade Bank of Mexico] Director Humberto Soto told NOTIMEX.

The Mexican financial institution, which yesterday began foreign debt negotiations, will today conclude the second round of talks with Cuban financial authorities.

According to Soto, the goal of the delegation is to arrive at "a definitive solution" to the problem of Cuba's debt to Mexico totaling some $250 million.

The Cuban delegation is headed by Hector Rodriguez, president of the National Bank, while the Mexican delegation includes ten officials from the Finance and Foreign Relations Secretariats, Pemex, Bancomext and the Mexican Social Security Institute.

The bilateral talks will conclude today and are aimed at finding ways to solve the problem of Cuba's foreign debt which will permit the opening of a $100 million line of credit.

The financial relations between the two countries have been subject to "fluctuations" in the past few years but now "we are seeking to consolidate our bilateral economic relations," according to Soto.

The line of credit which Mexico extended to Cuba was canceled early last year due to failure to comply with the timetable for payments.

* Cuba May Refine Mexican Crude

91p40131B Mexico City LA JORNADA in Spanish 19 Jan 91 p 27

[Text] Havana, 19 Jan (NOTIMEX)—Cuba has proposed that Mexico process petroleum at the Cienfuegos refinery in order to obtain gasoline and oils, according to Bancomext Director Humberto Soto.

The official said the proposal was made this week in Havana during the meeting between a high-level Mexican financial delegation and Cuban authorities for the purpose of renegotiating Cuba's foreign debt.

Soto said that rather than import $100 million worth of gasoline as in 1990, Mexico might refine its crude at the Cienfuegos refinery in central Cuba. Although he did not give details as to how the operation would work, he noted that it could involve a transaction similar to that of an assembly contract for the refining of gasoline. Cuba has considerable fuel storage capacity, he said.

The Mexican financial delegation met with the director of the National Bank of Cuba, Hector Rodriguez, to analyze "new financial mechanisms" for the renegotiation of Cuba's $250 million debt to Mexico.

Mexico planned to authorize mechanisms such as debt for investment swaps with Cuba in order to reopen a line of credit with Cuba totaling some $120 million annually.

Havana, said Soto, is studying our proposal with much interest and the outlook with regard to the financial relationship with Cuba will develop in the immediate future through encouragement and promotion of coinvestments.

Haiti

Aristide Pledges Justice in Reaction to Fire

FL0402233091 Port-au-Prince Radio Antilles Internationales in French 1245 GMT 4 Feb 91

[Report on Father Aristide's reaction to the fire set during the night of 1-2 February to his "Family is Life" (Lafanmi se Lavi) orphanage, during which four children died and several others were injured; Port-au-Prince, 2 February]

[Excerpts] Deeply moved, Jean-Bertrand Aristide described the arson which occurred over the past weekend on the Family is Life premises as a cowardly act. Referring to statements made by the commander-in-chief of the Haitian Army regarding problems linked to insecurity in the country, Jean-Bertrand Aristide listed, from the site of the fire, what he calls the three big forces which exist in the country: the Army, the Haitian people, and an armed terrorist Macoute minority. He went on to say that this third force must be overcome by law, and contained. How to contain this dramatic reality?

[Begin recording] [passage omitted] [Aristide] It is this third force that the law must condemn, this third force that must be brought to justice, to jail, and to the barracks of the law. As long as this third force keeps operating without being judged, it is inevitable that it will eventually provoke confrontation between the forces of the people and the Haitian Army.

It is not without cause that this force, which is conscious and cunning, incited attacks against two major institutions: the Catholic Church and the Army. They have attacked Catholic priests. As recently as yesterday they attacked a Canadian priest. These bandits and terrorists intend to stir up international opinion through these institutions, at any cost, against the force of the people, which is always a non-violent force, a force which is not even active, but reactive, the reaction of a people thirsting for justice, the reaction of a people who want to establish a state of order at any cost, the reaction of a people who expressed themselves during the massive vote for a Constitution, and the elections to say no to the Macoutes, no to dictatorship, no to unleashed violence, and no to terrorism. [end recording]

According to Father Aristide, the anti-change forces know that after 7 February, nothing will be as they were before.

[Begin recording] [Aristide] They [Macoutes] realized it during the 16 December elections. They recognized it when their attempted coup d'etat of 6-7 January failed. They knew it from the disturbances of 26-27 January. But now, the closer we get to the date of our second independence, 7 February, which we will celebrate, the more they recognize the advent of legality, a legality which will finally proclaim the end of the reign of terror, corruption, and violence.

While sharing in the sadness of the international community, a community sensitive to children, a community trembling at the extent of this crime against the heart, I renew my commitment to serve my country and the whole world in applying the law and justice. I therefore invite you to join us in a celebration of a new era of democracy, a new era of peace, and the era of a new Haiti. [end recording]

Parliamentary Sessions to be Held at Hotel

FL0402215091 Port-au-Prince Radio Soleil Network in Creole 1 Feb 91

[Text] The Ministry of the Interior is informing the general public and those deputies and senators elected in the 16 December and 20 January ballots, who together comprise the Haitian Parliament, that because of the work underway at the Legislative Palace, two rooms have been reserved for them at the Christopher Hotel.

These two rooms have been reserved for them for 2, 4, and 5 February so that they can hold sessions in preparation for the 7 February inauguration ceremony. The Ministry is advising the elected deputies and senators to contact either the general director of the Ministry or the general director of the Christopher Hotel for further information.

John Paul II Appoints Bishop for New Diocese

FL0402212991 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 1 Feb 91

[Text] On Thursday, 31 January, the Vatican journal, OBSERVATORE ROMANO, announced that Pope John Paul II had chosen Father Hubert Constant, an Immaculate Mary oblate, as bishop of the new Fort-Liberte Diocese. Monsignor Hubert Constant, 60, holds a Bachelor of Arts degree from the Sorbonne University in France. He was the superior of the oblate fathers in Haiti. He is secretary general of the Episcopal Commission for Catholic Education [CEEC].

The new Fort-Liberte Diocese will comprise the Northeastern area as well as part of the Cap-Haitien Archidiocese. Congratulations to Father Hubert Constant.

Jamaica

Manley Addresses Investment Conference Session

FL0402190091 Bridgetown CANA in English 1816 GMT 4 Feb 91

[Text] Kingston, Jamaica, Feb 4, CANA—There's been a substantial decline in the Caribbean's share of total Foreign Direct Investment (FDI) flows to the developing world, financial experts meeting here heard on Monday.

According to data from the International Monetary Fund (IMF), net flows of FDI to developing countries fell from 27 percent of the total in 1977 to 13 percent in 1988, said Ghassan el-Rifai, vice president policy [words indistinct] advisory services of the Multilateral Investment Guarantee Agency (MIGA), a World Bank affiliate. The Caribbean region's share of total FDI flows to developing countries, dropped from about 3 percent to less than 1 percent over the same decade, he said.

El-Rifai was speaking during the opening session of a three-day investment conference sponsored by a number of Jamaica Government agencies and MIGA.

MIGA, the newest member of the World Bank group, was established in 1988 primarly to encourage the flow of private investment for productive purposes, particularly to developing countries. Some 98 countries have signed the MIGA Convention, six from the Caribbean.

The conference will focus on how FDI can benefit both Jamaica and the 60-odd foreign investors here for the conference. The World Bank official noted that although net FDI flows to Jamaica have wavered over the past decade, a more detailed analysis revealed that there has been increased foreign economic participation in Jamaica.

During the 1980's, Jamaica increasingly attracted foreign investment for the processing of goods for re-export back to the United States market under the so-called "807 programme." In addition, Jamaica has hosted more and more foreign business activities involved in the services sector.

This trend, said El-Rifai, reflects the current restructuring of the global economy, in which traditional FDI based on equity is being supplemented more and more by novel forms of international business, with a greater role for non-equity contractual arrangements with nationally-owned enterprises.

Also speaking at the opening session, Jamaica's Prime Minister Michael Manley assured foreign investors that the country's economic policies will continue, even if there is a change of government.

"The (present) climate reflects consensus, which implies continuity. I can say that the person who decides to invest here can do so knowing that there is going to be a fundamental continuity of policy."

Manley repeated his government's economic direction of liberalisation and privatisation and noted that one of the biggest problems facing countries like Jamaica was the debt burden. Although there had been some positive moves to take a more pragmatic and cooperative approach to the problem, he said that he "didn't hold his breath" that debt will be wiped away by some magnificent gesture."

Stressing that Jamaica welcomed foreign investment, the prime minister said he hoped that the conference will help the country to understand what it needs to attract and hold direct foreign investment.

St. Lucia

Compton Begins Campaign, Stresses Youth Issues

FL0502010491 Bridgetown CANA in English 2058 GMT 4 Feb 91

[By Peter Richards]

[Text] Castries, St. Lucia, Feb 4, CANA—St Lucia's ruling United Workers Party (UWP), seeking re-election in general elections constitutionally due next year, on Sunday appealed to supporters to ensure a comfortable victory for the party at the polls. Prime Minister John Compton, addressing the annual UWP convention in the rural village of Anse-la-Raye, said he wanted a two-thirds majority at the next polls.

In two historic elections in 1987, the UWP emerged victorious with a one-seat majority, which was increased to two after an opposition member Neville Cenac, the current foreign minister, defected.

"We have to prepare now...To win the next elections, not by any eight to nine, (but) to win the elections with a two-thirds majority at least," he told cheering supporters. Compton said the UWP would later this year present its slate of candidates for the polls, constitutionally due by April next year. "When we meet you later this year, I want to be able to present our full slate of candidates, in which I can assure you that two elements you will see being given great consideration...youth and women."

Compton, outlining achievements under the UWP since it came to power in 1964, told supporters it was important that they work to ensure victory at the polls. "Otherwise all our work will go down the drain," he warned.

"We look forward to the 90's, but for us to get into the 90's, we must pass our examinations in 1992, for us to be able to perform and to keep St. Lucia on the course it has been..."

In his address, the UWP leader also indicated it was important for St. Lucians to start putting in place the necessary economic infrastructure to see them into the next century.

"The U.S. is fighting a war in the Gulf, their intention is not towards little rocks like us.... Their intention is abroad, with Russia, to keep Russia with 250 million people from collapsing, otherwise there might be a war," he said.

"They helped us already, now they tell us help ourselves," Compton added. He said British help to St. Lucia had been confined to the banana industry. "The only help Britain is giving us, is help for our banana industry...They tell us produce good quality and we will buy it," Compton said.

St. Vincent and the Grenadines

Teachers Union Opposes Government Pay Increases

FL0502024291 Bridgetown CANA in English 2255 GMT 2 Feb 91

[Text] Kingstown, St. Vincent, Feb 4, CANA—The St. Vincent Union of Teachers (SVUT) on Monday came out against the government's decision to impose pay increases outside of a collective agreement.

The 1,200-strong union last month concluded negotiations with the government for its first collective agreement, covering a two-year period and seeking increases of 25 percent for teachers at the top of the salary scale and 33 percent for those at the bottom. The agreement is still to be ratified by Cabinet.

Prime Minister James Mitchell, in his 1991 budget presentation in December, announced salary increases for public servants of 7 percent in 1991, and 3 percent in both 1992 and 1993.

"What (has been) allowed to happen is for government to legislate....rather than negotiate salaries, and this is a trend that the government has started and has continued in respect of salaries," SVUT president Joye Browne said. "Since the government's increases cover a three-year period, it means that when the collective agreement is signed and ratified, we will not have the power to negotiate salaries for that particular period of time.

"This is one of the reasons why negotiations were stalled after the budget exercise," the teachers' union president added. The union received formal recognition of its bargaining status in January last year. Contract negotiations, which were expected to begin soon after, did not start until September.

"Efforts are still being made to make sure that we get a shadow and not the substance," Browne told CANA [Caribbean News Agency]. "...We hope that this situation which indicates bad faith will disappear and that we will in fact have proper negotiations, especially on matters as crucial as salaries...and that government does not sacrifice the well-being of public servants in the interest of praise from the International Monetary Fund."

The union said the government-imposed pay increases did not take into account the escalating cost of living. Browne said the union felt the increases should have been retroactive to 1988, the year the Administrative Reform Programme, which restructured salaries in the civil service, came into effect, "bearing in mind that some people got very little or no increases as a result of the restructuring."

There are some issues on which the government and teachers still have not agreed. These are proposals for an annual EC 300-dollar duty allowance, and a pension scheme for teachers who joined the profession after 1987 when the National Insurance Scheme (NIS) came into effect.

The NIS replaced the National Provident Fund which provided a pension for qualified teachers on retirement.

Salinas Announces Channel Not To Be Privatized

PA0202043691 Mexico City NOTIMEX in Spanish 2226 GMT 1 Feb 91

[Text] Mexico City, 1 Feb (NOTIMEX)—President Carlos Salinas de Gortari announced today that television channel 22, which broadcasts mostly cultural programming, will continue to be administered by the state.

Channel 22 will not be included in the government's assets that will be put up for sale; its concession, land property, and equipment, owned by the Federal Government, will be operated by the new managemenent organization that Imevision will adopt, reported the press office of the presidency of the Republic.

According to the presidential order, the press office said, channel 22 will be devoted to broadcasting culture, "with a programming project planned with the cooperation of a varied council that will represent the Mexican cultural community."

The aforementioned planning council will be installed in due time to help design the project of programming of the new channel 22, with a proposal focusing on the different technical, financial, and programmatic aspects.

Thus, the chief of the executive branch has responded to the open letter signed by artists, writers, scientists, editors, journalists, and academicians throughout the country.

In their letter, made public on 26 January, the intellectuals recommended that the frequency of channel 22 not be sold to private investors and that it remain in the hands of the state as a public interest and cultural channel.

IFE Rejects 10 Political Parties, Approves 2

PA0402165191 Mexico City NOTIMEX in Spanish 1723 GMT 31 Jan 91

[Excerpt] Mexico, 31 Jan (NOTIMEX)—The gazette published today two resolutions issued by the Federal Electoral Institute [IFE] declaring the conditional registration of the Revolutionary Workers Party [PRT] and the Labor Party [PT] acceptable.

The gazette also reported IFE's decision against the registration of 10 political organizations. These organizations are the Broad Socialist Left Party, the Social Democrat Party, the Green Ecologist Party of Mexico, the Mexican Agricultural Workers Party, the Socialist Revolution Party, the Mexican Youth National Party, the Los Dorados Mexicanist Revolutionary Party, the Socialist Labor-Zapatista Workers Party, the Renovating Party, and the Democratic Unity Party.

IFE's verdict regarding the PRT said that after the party's statement of principles and action program were examined, "they were found to represent a particular political and ideological trend different from that of local political parties."

This mode in socialism is known as revolutionary Marxism and is traditional in political, cultural, and art circles.

The publication also said that the PRT, which has been active for several years, participated in the federal elections of 1988 and for this reason, the party meets the requirements for registration.

IFE explained that it accepted the PT because this party had emerged from the revolutionary leftist organizations and because it consists of other social and popular organizations that have gained prestige through their political activities.

IFE said that this factor identifies the PT as a popular political movement "created to lay the foundations for a party of the masses." [passage omitted]

Mexican, Soviet Television Groups Renew Agreement

PA0202033891 Mexico City XHTV Television in Spanish 0216 GMT 26 Jan 91

[passages within quotation marks recorded]

[Text] The Mexico City XEW Television Network [Televisa] and the Soviet State Committee for Television and Radio renewed today an important cooperation agreement that had been signed more than 10 years ago. (Grigoryi Shevelep), committee vice chairman, signed the agreement for the Soviet Union, and Emilio Diez Barroso, vice president for newscasts and special events, signed for Televisa.

(Shevelep) said that cooperation is broader and firmer when the two television systems understand each other fully, as it happens in this case.

"I hope that the soap operas being filmed at Televisa will be interesting to the Soviet public. We also hope that the musical programs prepared by the Soviet television will also be of interest to the Mexican viewers."

Emilio Azcarraga, president of Televisa, pointed out the importance of improving the relations between Mexican and Soviet television systems.

"We believe that in the Latin American television, Mexico plays a leading role both in production and technology. We will start with one hour of Soviet programs on Mexican television and one hour of Mexican programs on Soviet television."

An example of this coooperation is the daily satellite broadcasts by the ECO information agency, which has correspondents in the Soviet Union. Mexican soap operas, accepted in many countries, would be one of the first projects exchanged with the Soviet counterpart. Barroso emphasized the word acceptance.

"These are clean soap operas for families, with normal but not elaborate topics. We are not trying to increase

our ratings by broadcasting violence or sex. We have always have deep respect for the family, where television is more pervasive."

The agreement was signed at the Televisa facilities in San Angel in Mexico City.

Police Arrest Alleged Drug Trafficker Soto Pena

PA0102024791 Mexico City NOTIMEX in Spanish 0147 GMT 29 Jan 91

[Text] Hermosillo, 28 Jan (NOTIMEX)—Federal Judicial Police (PJF) members have arrested alleged drug trafficker Clemente Soto Pena, who is thought to be the main connection between the Colombian and northern Mexican drug traffickers.

PJF Regional Commander Christian Peralta Perez reported that Soto Pena, 47, is from Choix, Sinaloa State, and that he had been arrested last weekend.

The police chief said Soto Pena had bought, sold, and taken marijuana and cocaine base to the United States for the past 20 years. He added that the drug trafficker had obtained millions from these activities and had invested his profits in real estate.

Peralta Perez said Soto Pena's criminal record indicated that he had five arrest warrants from courts in Chihuahua, Sinaloa, Sonora, as well as one from the Colorado county court [as received] in the United States.

The PJF chief revealed that Soto Pena had confessed to having taken 20 tons of marijuana to the United States during the sixties. He added that since that time, the drug trafficker had teamed up with the main Colombian and Mexican "capos." The drug trafficker also confessed to having moved more than three tons of alkaloids in the past 10 years.

Peralta Perez added that the alleged drug trafficker had ties with the drug traffickers Rafael Caro Quintero, Ernesto "Don Neto" Fonseca, Hector Fragoso Burgueno, and with the Colombian drug traffickers Manuel Chavez and Daniel "N."

Soto Pena received the Colombian aircrafts that landed on a clandestine airstrip in El Fuerte, Sinaloa, and carried the cocaine shipments to Cananea, Sonora, from where they were sent by land to the United States.

PAN Wants Drug Trafficking Agreements Regulated

PA0102214591 Mexico City NOTIMEX in Spanish 2310 GMT 31 Jan 91

[Text] Mexico City, 31 Jan (NOTIMEX)—Today, the National Action Party (PAN) demanded that the agreements which allow U.S. planes to fly over Mexico, "under the so-called struggle against drug traffic," be regulated.

Abel Vicencio Tovar, the general secretary of PAN's National Executive Committee, held a news conference to present PAN's proposal, which is aimed at "avoiding actions that violate and hinder our national sovreignty." Vicencio Tovar called on "the Senate to look into this matter. The executive branch is responsible if this is only a temporary agreement but an international treaty is required if these actions are to continue permanently."

PAN leader Luis H. Alvarez said that the explanation given by the Foreign Secretariat on the matter "was not satisfying to several sectors of the population. There is concern because decisions of this type are made without the Senate's participation." Undoubtably, the struggle against drug trafficking is complicated and "requires a multinational solution, but this has to be previously studied by the Mexicans," he said.

The agreement with the United States should stipulate that the Mexican military and police organizations will carry out the struggle against drug trafficking and that U.S. participation is to be limited to the supply of equipment when it is required.

PAN member Felipe Calderon noted that Mexico is the one that has to set its policies in this war against drugs although the purchase of U.S. equipment and technology would be suitable.

Costa Rica

Calderon Fournier Ends Visit to Nicaragua

PA0202035791 Managua Domestic Service in Spanish 1330 GMT 1 Feb 91

[Text] Central American presidents will come closer to one another by fighting drug trafficking and by advocating the downsizing of armies around the world. This will partially pacify the earth and bring peace to mankind. Within the framework of these principles, Costa Rican President Rafael Angel Calderon Fournier has signed agreements with Nicaraguan President Violeta Barrios de Chamorro whereby the two governments pledge to make joint efforts to save the world's ecology and help Central American countries continue to assist one another.

This is President Calderon bidding farewell this morning:

[Begin Calderon recording] We, the Costa Ricans here, are very happy and glad for this visit. Once again, we reiterate that we have strengthened, not only the lifelong harmony between the Nicaraguan and the Costa Rican people, but also the excellent relations between our governments. We share mutual interest in resolving the problems that affect mankind.

As you will see, the agreement includes an effort to fight drug trafficking. In this regard, there are serious problems within our borders, such as plantations and probably laboratories. We are going to cooperate with one another to effectively fight drug trafficking.

We are going to work together for a new international ecological order in the world. To the degree of our potential, we will be willing to share and explain to Nicaragua some of our experiences and also provide it with technical assistance in some areas.

First and foremost, however, we have decided to hold an annual meeting between the presidents of Costa Rica and Nicaragua. This is the best way to bring our governments closer.

I thank you very much, Mrs. Chamorro, for your love for us and the excellent relations that have always existed between Costa Rica and Nicaragua. We are fortunate to have the opportunity to strengthen the bonds of love, friendship, and affection between our peoples. Today, we saw this in Diriamba, with the expression of affection shown to me by those kind people.

We will see you soon in San Jose, where we will have the opportunity to continue talking about the problems of our people. Many thanks to the Nicaraguan people for their love, affection, and show of solidarity. We hope to see you soon to continue the struggle for the development of our region. [end recording]

El Salvador

FMLN Communique on Nicaraguan Missile Return

PA0402192991 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0041 GMT 4 Feb 91

[Communique issued by the General Command of the Farabundo Marti National Liberation Front, FMLN, in El Salvador on 1 February]

[Text] The FMLN General Command reports that:

1. With regard to the return of the 28 anti-aircraft missiles belonging to the Sandinists People's Army [EPS], upon conclusion of negotiations with the Nicaraguan Government and the EPS, it was decided that the FMLN would return the unused missiles.

2. By this decision, the FMLN demonstrates its willingness to negotiate and its support for a political solution and peace. This action contrasts with the U.S. Government's decision to release military aid and with the delivery of new aircraft to the Salvadoran Armed Forces, after they have perpetrated yet another massacre, of 15 peasants on the outskirts of San Salvador. This position fully legitimates our use of military action in an attempt to bring the Salvadoran conflict to a just end.

3. Therefore, the FMLN reiterates its absolute right to own missiles—and it does own them—and all weapons necessary to fight the criminal Salvadoran military aircraft. Consequently, such aircraft will continue to be attacked on land and in the air until the Salvadoran and the U.S. Governments correct their policy. This policy continues to seek military supremacy, as opposed to entering, in good faith, into serious negotiations.

4. The return of these missiles to the Nicaraguan Government does not affect in any way the balance of military forces. In this regard, we state that we have missiles and other anti-aircraft weapons, therefore, the balance of military forces is not altered. This balance of forces has opened the door to possible negotiated solutions to the conflict.

5. We have committed ourselves to returning, within Nicaraguan territory, eight missiles, and within Salvadoran territory, nine missiles. We have also specified on what dates the 11 other missiles were fired. The FMLN has fired more missiles, but only 11 were fired from aforementioned group.

6. The FMLN carries out this action as a gesture of goodwill toward the Nicaraguan Government, hoping that it will contribute toward the adoption of constructive positions and efforts to attain peace in El Salvador. We expect this same attitude from the other Central American Governments.

[signed] FMLN General Command

El Salvador, 1 February 1991

Rebels View Missile Return

PA0402211491 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 4 Feb 91

[Station commentary]

[Text] The return of more than one dozen surface-to-air missiles to Nicaraguan authorities on 2 February has quickly enhanced the prestige of the Farabundo Marti National Liberation Front, FMLN, and emphasized its military strength. We delivered the missiles because we believe that the possession of missiles belonging to the Sandinist People's Army was used by those who oppose this legitimate action as an excuse to increase their destabilizing actions in Nicaragua. Thus, the action has renewed the historical ties of friendship between the Sandinist National Liberation Front, FSLN, and the FMLN.

International delegations from the government level came to the zones controlled by our front in Morazan Department and witnessed new aspects of the FMLN's well-known belligerance. Politically speaking, the return of the missiles has been the most overwhelming expression of the dual power which exists in El Salvador, given the FMLN's existence, its territorial control, and its army.

Not only the Nicaraguan and Mexican delegates, but also the local and international media, saw with clear astonishment the supply of surface-to-air missiles that our Army has in the northeastern zone. The enemy's ineffectual high command would have liked nothing better than to snatch away that treasure, which was displayed at the main square of Perquin. The military high command had been rejoicing over the return of these missiles barely a few hours before, and it again reverted to a cynical action of banditry by seizing all of the media's recording and videos.

On the evening of 2 February, the generals were no longer rejoicing. They are now rubbing their eyes in wonder while they watch the recordings, which they seized from the media, that clearly show the might of our National Army for Democracy. The military should have discarded by now any illusions they had about sending their puny planes into the skies. It has been proved that the shipment of this handful of airplanes from the North Americans is merely a symbolic—but completely useless—action.

The outcome for the FMLN, following the return of the missiles on 2 February 1991, is further proof of our political and military might. This has been a good move that worsens the crisis for the military sector of El Salvador.

FMLN Communique Criticizes Journalists' Arrest

PA0402182691 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 4 Feb 91

[Press bulletin from the Farabundo Marti National Liberation Front, FMLN, dated 3 February]

[Text] Press Bulletin

Referring to the detention of 18 local and international journalists at the turnoff to Osicala, upon instructions from the military high command and carried out by Leon Linares, who is a member of the 4th Military Detachment, and in regard to the confiscation of news material, photographs, and video recordings, we state the following:

1. It is understood that, based on the agreement between the Nicaraguan Government and the FMLN to hold the transfer of missiles on our territory, the media has the right and an obligation to cover an event which is so historically important.

2. The journalists' detention clearly proves that freedom of the press is lacking and it represents an expression of how the military oppresses the civilian society by giving any military officer the authority to violate a universal right by allowing him to decide what the media may or may not report to the country and the world.

3. The government's official communique is false because it states that the 18 journalists were violating the instructions given out at military checkpoints—yet the first group of journalists used the highway between San Francisco Gotera and Perquin, and they found no enemy presence.

4. Colonel Rafael Humberto Larios clearly threatened the media by saying that they could have been killed for entering territory under our control to do their work. This clearly suggests the possibility that the Armed Forces might murder members of the local and international media as they are doing their job.

5. The repressive action against the media occurs at a time when negotiations are underway between the government and the FMLN; this repressive action contrasts with Mr. Cristiani's willingness to fulfill the national demand for demilitarization, democratization, and respect for human rights.

6. We strongly protest the violations and threats from Alfredo Cristiani's government. As we alert the national and international community, we urge them to demand that Alfredo Cristiani's government respect the freedom of press in El Salvador.

El Salvador,

[dated] 3 February 1991.

Detention Explained

PA0502005191 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 4 Feb 91

[Interview with Colonel Oscar Leon Linares, commander of Military Detachment No. 4, by an unidentified reporter; date and place not given; recorded—monitored in progress]

[Text] ...They broke Military Detachment No. 4's security rules from the moment they did not stop at the roadblocks placed on the Commando's strip and the Osicala turnoff. They went through at 0400, taking advantage of the dark, and failed to heed the soldiers's order to stop. Thank God, the chief of the unit in the area gave the order not to fire on the vehicles, thinking that reporters may be aboard and that it was best to avoid a tragedy.

I can accuse those people of breaking the security regulations, disobeying the authorities, and being disrespectful of the authorities. That is why they should realize they made a mistake because they know the order is one can only go to the north with a safe-conduct pass. I regret that they made such a big fuss, since they are the ones who violated the security regulations of the unit that was on guard. It is also true that material was confiscated from them. However, they were impolite and disrespectful in failing to obey or refusing to accept the request to voluntarily hand over the material each one was carrying. They refused to and they just opened up their vehicles. Disobeying instructions, they opened their cameras and took out the film to expose the pictures they had taken. This problem took place recently, when the FMLN [Farabundo Marti National Liberation Army] terrorists handed the missiles to the Mexican ambassador in the city of Perquin.

[Reporter] Do you have anything to add to the national audience.

[Linares] I just want to say that we must work and devote ourselves to our daily duties. The Armed Forces, alongside their government, are trying to truly make 1991 the year in which peace arrives, as our beloved people want.

Arena Leader Asks for Proof of Mass Murders

PA0502035991 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 4 Feb 91

[Report by Nelson Lopez]

[Text] Armando Calderon Sol, San Salvador mayor and president of the Nationalist Republican Alliance, Arena, today regretted that judicial authorities did not go first thing in the morning to visit San Salvador Archbishop Msgr. Arturo Rivera y Damas to ask him to comment on the mass murders of El Zapote Canton, Ayutuxtepeque Canton. He stated that the archbishop publicly accused the 1st Infantry Brigade and must have done so because he has sufficient proof. It becomes necessary for the Attorney General's Office or the appropriate court to get his statements.

[Begin Calderon recording] I am sorry he spoke that way and that the judge has not gone to see him. The judge and the Attorney General's Office have the obligation to visit the archbishop. Perhaps out of respect for his hierarchy and because he is a prelate, they could send him a note and not force him to present himself to give a statement to the court. Instead he could give a written statement. He could have a pre-arranged appointment. I think that by this time they should have gone to see him. If a person publicly makes a statement, as the Church officials have, a judge is obligated to meet with that person. If the judge has not done so, it is regrettable because a judge or a prosecutor is obligated to immediately request that the evidence be presented.

If a Salvadoran or some other person can contribute to a case, he should immediately be questioned and protected because that is the only way justice can work in our country. In this respect, I dare say that if the Church officials have so clearly made this statement they are not acting carelessly. I hope they are not, since the Chruch standing will be hurt. If the Church has made this statement, it is because it has some reliable evidence. I hope that they introduce it and that the judges and prosecutors go to them and collect the necessary evidence from them. [end recording]

These were the remarks of Calderon Sol on charges by the Catholic Church that the 1st Infantry Brigade is responsible for the murders of 15 persons. He said that justice in El Salvador must prevail, and that guilty will be punished whether or not they belong to the 1st Infantry Brigade or any Army brigade, because justice will be done.

Sources Say USSR Interested in Trade Relations

PA0202034091 San Salvador EL DIARIO DE HOY in Spanish 1 Feb 91 pp 3, 6

[Text] The USSR is "very interested" in opening commercial relations with El Salvador, particularly to obtain coffee, sugar, and cotton, Foreign Ministry spokesmen have reported.

Foreign Minister Jose Manuel Pacas has stated that the Foreign Ministry wants to increase relations with the Nordic countries—those located in Northern Europe such as Sweden, Norway, and Denmark. These countries offer much aid destined especially for non-government organizations.

With this objective in mind, Pacas added, Deputy Foreign Minister Ricardo Valdivieso, on behalf of the Salvadoran Government, left for Norway to attend funeral services for King Olaf V.

It was also reported that, before June of this year, El Salvador will possibly establish commercial relations with East European countries such as the USSR, Poland, Romania, Czechoslovakia, and Yugoslavia, depending upon conditions.

It was added that there was a commercial agreement with the USSR in 1974, which the Soviets themselves wanted to reactivate, as they have told Salvadoran Ambassador to Washington Miguel Angel Salaverria.

Within the framework of a new order, El Salvador will launch some kind of "diplomatic offensive" in the

European countries to maintain the positive image of the Salvadoran Government and to obtain aid for El Salvador.

Minister Announces Debt for Ecology Exchange

PA0202142691 San Salvador EL DIARIO DE HOY in Spanish 29 Jan 91 pp 3, 15

[Text] El Salvador will pay part of its $629 million debt with the United States through ecological projects, Agriculture Minister Antonio Cabrales has announced.

The Salvadoran debt is divided up as follows: $329 million as a product of the PL-480 [not further identified] program and $300 million in a concession debt with the Agency for International Development (AID).

During a news conference, the minister said that the U.S. Congress recently approved "writing off" $150 million of El Salvador's concession debt (capital and interest), while the interest on the remaining $150 million would be cancelled through ecological projects.

"The capital on the rest of the debt would be paid in due time," the official added.

During the news conference, Engineer Cabrales was accompanied by Randall Curtis, Domingo Marte, and Francisco Tourreilles, members of "The Natural Conservation" who are serving as advisers to the Salvadoran Government on the mechanics of foreign trade exchange. The ecological organization has participated in debt for ecology exchanges in Costa Rica, Ecuador, Argentina, and the Dominican Republic.

Domingo Marte explained that the conversion consists in selling part of the debt to nonprofit organizations which would use the money to finance environmental conservation projects.

The debt papers would be given to those nongovernment organizations. They would reach an agreement with the Central Reserve Bank to convert the debt into colones for investment in ecological programs deemed to be priority ones.

The nongovernment, nonprofit organizations, which might be universities, ecological groups, or associations, would form an environmental fund to collect money to buy the country's debt with the United States.

Economy Minister Announces Fuel Price Cuts

PA0202033791 San Salvador Radio Cadena YSU in Spanish 1600 GMT 30 Jan 91

[Text] Salvadoran Economy Minister Arturo Zablah has announced a proportional fuel price reduction, effective 1 February. The price drop was announced after the government assessed the situation in the country in relation to the Persian Gulf conflict.

[Begin Zablah recording] This morning I am hereby formally announcing a reduction in the price of petroleum products, which will be effective on 1 February. The government has made good on its pledge that, if the price of crude oil as the result of the Persian Gulf conflict is reduced, this reduction would be passed on to Salvadoran consumers. I would also like to reiterate what we have said on several occasions, that we have sufficient reserves of crude oil. The used portion is constantly being replenished with incoming crude oil. In other words, we always maintain a three- month crude oil reserve.

The government has issued a bulletin detailing the new prices. I will now read them off. Premium gasoline, 17 colones per gallon; regular gasoline, 14.50; gas oil, 12.50—we must take into consideration that 90 percent of gas oil is just regular gasoline—diesel fuel, 7.25; and kerosene, 8 colones per gallon. This is the first step in the promised fuel price reduction. Just as we promised, we will continue to lower the price of petroleum products to the extent that crude oil prices continue downward and stabilize at lower levels. [end recording]

FMLN To Cooperate With Vaccination Campaign

PA0402195891 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 4 Feb 91

[Communique from the Farabundo Marti National Liberation Front, FMLN—date and place not given]

[Text] Upon request from the church leadership and considering that the children in our country have a right to be vaccinated, the FMLN reports that—as it has been our tradition in previous years—we will respect and cooperate with the International Red Cross and health ministry personnel who will carry out the vaccination campaign in areas affected by the conflict and zones under our control.

Also, we are warning the Salvadoran Armed Forces that if they try to use this situation to strike or enter our zones, they will be repelled. In any case, we expect that the vaccinations will be carried out normally and that the Armed Forces will not interfere.

FMLN.

Guatemala

Rebels Said Killed After Attack on President

PA0102141291 Panama City ACAN in Spanish 1538 GMT 31 Jan 91

[Text] Guatemala City, 31 Jan (ACAN-EFE)—Military sources reported today that at least four Guatemalan guerrillas were killed after the foiled attack on President Jorge Serrano in La Libertad municipality, northern Peten department, on 30 January.

Colonel Edgar Ortega, chief of the Army's Information and Press Department (DIDE), explained that the president's A-37B aircraft immediately counterattacked the positions the guerrillas used to shoot at the helicopter the president was traveling in.

Some time later, soldiers were sent to comb the area and they received reports that the rebel group was carrying the bodies of four guerrillas, Ortega said.

The DIDE chief said the Guatemalan Army continues to search for the guerrillas who used rifles and machine guns to attack the helicopter in which President Serrano and three of his ministers were traveling. Nobody was hurt during this attack.

The helicopter, a turbine-engine "Bell 142," was hit at least 15 times by fire from a .60-caliber [as received] "MAG" machine gun.

Upon his return to Guatemala City, President Serrano said he was willing to start a peace dialogue with the rebels despite the attack.

The president revealed that 48 hours before his trip to Peten, a department bordering on Mexico and Belize, he had information that the rebels were planning to attack him.

The Guatemalan guerrillas have not claimed responsibility for the attack and have not even mentioned it. The attack took place only 16 days after Serrano was sworn in as the Guatemalan president.

Peasants Escape From Guerrilla Captors

PA0202015291 Guatemala City EL GRAFICO in Spanish 28 Jan 91 p 5

[Text] The army has reported that 220 peasants who were being held by a secret armed organization in the towns of Amachel and Caba, in Triangulo Ixil, Quiche Department, have escaped their captors and sought the protection of military authorities.

The peasants requested medical aid because they had intestinal diseases and were suffering from malnutrition and psychological problems.

The source said that since the beginning of this year, 32 men, 36 women, 48 boys, and 45 girls have been cared for at the Xemamatze Center for Displaced People, in Nebaj. Five other men, five other women, and 17 children from the villages of San Marcos, La Gloria, and Caba have also escaped from the group.

On 17 January, five men, two women, and two children from the village of Chel presented themselves to the authorities. On 22 January, four men and a boy from Santa Clara came forth. On 23 January, six men, one woman, and two children from Caba also presented themselves to the authorities.

The army reported that the peasants said that "the subhuman conditions in which the rebels kept them as members of "resistance communities" were unbearable and that they, "knowing that they were risking their lives, decided to take a chance and escape." [quotation marks as published]

Regarding the resistance communities, it is worth pointing out that the secret organization has been calling the people's attention to what it calls army repression in peasant towns. In line with this camapaign, the organization has created a commission that has already held a news conference during which it demanded an end to the repression.

Recent URNG Guerrilla Actions Reported

PA0202031191

[Editorial report] Following is a compilation of reports on recent guerrilla actions:

Guatemala City PRENSA LIBRE in Spanish on 26 January on page 6 carries a 225-word report saying that "guerrillas captured 38 trucks transporting oil to Puerto Barrios and held the drivers hostage." The report cites one of the drivers who managed to escape to nearby mountains who said that "the trucks and the drivers are being held in El Mirador Village, Sayaxche Municipality, El Peten Department," adding that "the guerrillas have mined the road that leads to that area." The same source indicated that "residents in Fray Bartolome de las Casas, Alta Verapaz Department are worried because the guerrillas have threatened to set on fire the gas station and government buildings."

PRENSA LIBRE on 28 January on page 4 carries a 100-word report citing the CERIGUA news agency which states that "the Guatemalan National Revolutionary Unity, URNG, inflicted 17 casualties on government troops during various actions." According to the report, the clashes took place between 26 December and 11 January in El Quiche, Huehuetenango, Totonicapan, and Solola Departments.

Panama City ACAN in Spanish at 1900 GMT on 29 January carries a 300-word report stating that Armed Forces spokesman Colonel Edgar Leonel Ortega reported that "three guerrillas were killed during clashes in San Marcos Department," adding that a lieutenant and a military commissioner died during a guerrilla attack in Jutiapa.

Honduras

Foreign Minister Reports on Fonseca Incident

PA0502014591 Tegucigalpa EL HERALDO in Spanish 4 Feb 91 p 3

[Text] Honduran Foreign Minister Mario Carias Zapata reported yesterday that five Honduran fishermen have been imprisoned in Nicaragua after being captured in Nicaraguan waters on the evening of 31 January.

The initial report was made by a boating company that operates in the Gulf of Fonseca. Later the Honduran ambassador to Nicaragua requested the prompt release of the fishermen.

"Fishing activities should not lead to violence, and the Nicaraguan authorities must behave accordingly," the minister said, adding that he did not have any recent reports on this.

The minister was referring to a recent confrontation between Honduran and Nicaraguan patrol boats in the Gulf of Fonseca. He said it was a small incident in which the Nicaraguan military opened fire first, and therefore the Honduran Piranhas had to answer fire. As a result, the Nicaraguans sustained one casualty.

Even though the naval forces from both countries signed agreements in 1990, the Nicaraguan Navy continues to attack Honduran boats and fishermen, the foreign minister pointed out.

Minister Carias Zapata added that if the Nicaraguan Army feels it has any complaints to make for any reason, it should handle them through diplomatic channels and between the commanders, but not by shooting at Honduran fishermen.

He added that in recent months, the relationship between the Sandinist Army and Honduras has improved, but he is unaware of what the relationship is like now because of the seriousness of the attacks.

Nicaragua

* FSLN Positions on Cogovernment Detailed

91P40128A Managua LA PRENSA in Spanish 12 Jan 91 p 4

[Commentary by Moises Hassan]

[Text] Even the slowest-witted FSLN [Sandinist National Liberation Front] members are fully aware and in agreement that, in various ways, with varying degrees of intensity, and for various reasons, they are waging a difficult struggle for survival. To avoid misunderstandings, of the type that some people are skillful in provoking, I should clarify that by survival I mean a complicated phenomenon whose principal manifestations would be, in the long term, the Front's capability, or at least one of its factions' capability, to reach the '96 elections, or whenever they take place, with a sufficient amount of cohesion and popular support to constitute an alternative power with real and significant chances of winning.

This necessarily means—although it will be inadequate, of course—that they must organize so that the support from the sector of the unfortunate and impoverished majority of Nicaraguans, who in the past could be seduced by siren calls or the banquet's left-over crumbs, does not collapse.

In the short term, and for a fortunate minority of the Front's rank and file, survival means keeping intact, or at the most with only a little wear and tear, the privileges, political limelight and opulent lifestyle they grew fond of with such admirable ease over the past ten years.

What FSLN members apparently do not yet agree on is how to reach the above objectives. There are those who believe that the solution is to continue strengthening more decisively the cogovernment style which, as a collegial organization, and with varying degrees of enthusiasm or reticence of its members, the FSLN National Directorate has been supporting up to now. On the other hand there are those who are convinced that cogovernment is not only reprehensible on principle—in their view supporting a government they see as bourgeois and pro-imperialist is a sign of backing down—but also because later it will make hopes for the much-desired return to power even more slim. Between the two extremes lie those who are either in a pathetic state of confusion and disillusionment or those who would prefer a more clearly defined cogovernment, one which is less ambiguous and which grants more power-sharing.

Heading the first group—those in favor of cogovernment as a method for winning back the government—assuredly, and not by chance, are those who have been less personally affected by the changes which occurred in the wake of the 1990 elections. These people find in their position a convenient justification for an attitude which the majority of their comrades possibly consider—and I put this in the mildest possible terms—questionable. It is obvious that they are planning to lie in wait, ready to seize power when the opportunity presents itself, if that should ever happen. Nevertheless, until this takes place, they are conducting themselves very carefully: They do not wish to jeopardize, by rushing or making mistakes in judgment, the positions they have reached or retained.

I believe this is a very small group, but one which possesses the greatest resources and organization; there is no question that it is headed by the Army high command.

The opposite end of the pole incorporates those who fail to accept any type of cohabitation with a government they reject as bourgeois and pro-imperialist, and which they feel would dissolve forever the Front's chances of regaining power; and further, that cohabitation negates the very essence of the FSLN. Since it is impossible to measure to what extent these positions are sustained on matters of principle, I do not consider it bold, however, to place in this group the majority of those people who were deeply affected, physically and emotionally, by last February's results.

I believe that basically the cadres and intermediate and low-level officials in the Front's hierarchy belong to this group, and it is my impression that they are scattered and lack an appreciable degree of organization that can hold them together; in addition their material resources are probably few.

Apart from those FSLN members who have become disheartened, confused, and totally disorganized, or have moved on to other things—and there are assuredly many of these—the center presents a different situation. In the center are those who, accepting with varying degrees of conviction the possibility of supporting the current cogovernment, nevertheless believe it imperative to grab greater shares of power from the Executive, and more of the political limelight, and greater and clearer commitments. In their judgment this would bring them the tranquility they require to maintain their privileges and lifestyles, and also it would pave the way to the dreamed-of return to the Government House; they are the ones most affected by the desire for power. This group, which is endowed with a high degree of organization and vast resources, does not hesitate, when they find it appropriate, to use aggressive, desperate means in pursuing their objectives. Without any doubt this segment of the Front, to which the FNT [National Workers' Front] leadership belongs, is led by the former president of the Republic and other members of the National Directorate which is shaking from within, most probably including among them the former minister of the Interior.

In the situation described above, the Front is facing a frightening decision as to when and how to hold a congress which, besides healing abundant and open wounds, besides relieving tension and internal contradictions regarding every distressing situation, besides forming a more cohesive rank and file, can perhaps turn out to be an occasion for bitter and insoluble confrontations, splits and collapses of important structures, and growing and irreversible damage. On the other hand, they cannot postpone the congress indefinitely and thus allow the contradictions, chaos, and ambiguity of definition, direction, and leadership to grow out of control. The FSLN's moment of truth is drawing near.

Government Protests Border Incident With Honduras

PA0402160291 Managua Domestic Service in Spanish 1401 GMT 4 Feb 91

[Text] The Nicaraguan Government has sent a note of protest to the Honduran Government for the border incident that took place on 1 February, in which two Nicaraguan soldiers were killed after their boat came under attack from occupants of a Honduran vessel in the Gulf of Fonseca.

The Deputy Foreign Minister said on 3 February that the Nicaraguan Government sent a letter to the Honduran Government through the Foreign Ministry concerning this border incident in which Nicaraguan border patrol soldiers Francisco Javier Maradiaga and Marcos Hernandez Ramos were killed and soldier Mauricio Guido Grillo disappeared.

Deputy Foreign Minister Dr. Ernesto Leal has said that the Nicaraguan Government trusts that the Honduran Government will carry out pertinent investigations with regard to the events that took place in the Gulf of Fonseca waters. Following are statements by Deputy Foreign Minister Ernesto Leal.

[Begin recording] [Leal] The issue of conflict in the Gulf of Fonseca is nothing new. The Gulf of Fonseca has been for many years an area of conflict among the nations that border this water way. In this regard, lately there have been numerous incidents involving canoes, ours as well as Honduran canoes. Honduran canoes have entered our waters, but in most cases such incidents have been resolved in a peaceful manner. Nevertheless, this incident involves a canoe in which IRENA [Institute of Natural Resources] personnel, guarded by soldiers, were travelling.

We were informed by the Army that this canoe was attacked by Honduran patrol boats and two soldiers were killed. On 3 February, Foreign Minister Enrique Dreyfus replied to a letter from the Honduran Foreign Minister in which he claimed that the attack had been initiated by Nicaraguan forces. Foreign Minister Dreyfus replied that such was not the information he had and requested that the Honduran Government carry out an immediate investigation.

[Reporter] The Nicaraguan boat was in Nicaraguan territorial waters. Was the Honduran boat also in Nicaraguan waters?

[Leal] That is correct, in Nicaraguan territorial waters. That is the information we have.

[Reporter] There was a report last night that due to the attack on the Nicaraguan canoe, two Nicaraguan soldiers were killed and one is missing. What other details do you have?

[Leal] As of this morning—following talks with the Army—the missing soldier has still not been found. Two soldiers were killed in the attack. As soon as we learned of this incident yesterday, the foreign minister sent a note of protest to the Honduran foreign minister.

[Reporter] [Question indistinct]?

[Leal] We are first going to wait to hear what procedures they are going to follow to investigate this case. [end recording]

Chamorro Denies Freedom of Press Restricted

PA0102223791 Panama City ACAN in Spanish 0040 GMT 1 Feb 91

[Text] Managua, 31 Jan (ACAN-EFE)—President Violeta Chamorro denied today that the decree which regulates the use of radio frequencies in intended to restrict freedom of expression, as media owners in this country have charged.

The law was published in the official gazette last December.

Agustin Fuentes, owner of Radio Noticias of Managua, told ACAN-EFE that the law "violates the constitution and freedom of the press because the president cannot legislate in penal matters."

"I am a standard-bearer of freedom of the press in Nicaragua," Chamorro said after a political event.

She said that the law is not intended to close radio stations or restrict freedom of the press in the country.

Chamorro is co-owner of the Nicaraguan newspaper LA PRENSA.

Carlos Guadamuz, a Sandinist and director of Radio Ya, said that the law has "clear political intent" and he criticized the government for enacting a law which "represses radio stations."

Pablo Vigil, director of the Nicaraguan Telecommunications and Postal Services Institute said that the decree is strictly technical, but he noted that the institute will intervene in the event of a war, a disaster, or uprising.

Decree Questioned

PA0302183391 Managua Radio Sandino in Spanish 1200 GMT 31 Jan 91

[Unattributed commentary]

[Text] Any journalist will be entitled to question the decree issued by President Violeta Chamorro on the use of radio space. As of 4 March, any journalist will be allowed to present a writ before the Supreme Court of Justice to declare Decree No. 55-90 unconstitutional. This decree, which deals with the use of radio space, has created a controversy among journalists.

The decree was enacted by President Violeta Chamorro during the 20-day period that the National Assembly was in recess, in order to avoid the reactions and rejection of a group of deputies, particularly the Sandinists.

The decree was published in the Official Gazette dated 3 December 1990. In it, the president classifies the radio services and creates the Nicaraguan Administration of Radio Air Space [Administracion Nicaraguense del Espacio Radioelectrico], which will be identified by the acronym ANDER and will be placed under TELCOR's [Nicaraguan Telecommunications and Postal Services Institute] authority.

The writ to declare Decree No. 55-90 unconstitutional, which any journalist is entitled to present, has been included in the Constitution and, in order to file the claims, one has to wait 60 days after the date on which the law went into effect.

Among the most controversial aspects of Decree 55-90, one can mention Article 29, in which the government defines the alteration of any official communique to be broadcast as a violation of the law. This decree will enable the police to close down any medium in the event of a rebellion, war, or natural disaster.

Chamorro To Revise Decree

PA0302184191 Managua LA PRENSA in Spanish 1 Feb 91 pp 1, 8

[Text] President Violeta Chamorro will revise all the articles of the Law on the Use of Radio Air Space, or Decree 55-90, that the journalists believe are undermining or restricting freedom of speech.

"If there is any doubt, I prefer to make corrections rather than to harbor bad thoughts," the Nicaragua president said this morning in regard to a law that has been the focus of heated discussion among the journalists.

"Freedom of speech is one of the pillars of this government, and I will ensure that there are no doubts from a legal standpoint in this regard," President Chamorro said. She reaffirmed her position on this matter by maintaining that "the best press law is the one that does not exist."

Chamorro said that Decree 55-90 is not a law exclusively intended to regulate technical aspects of the use of radio air space, but in view of the fact that it has lent itself to misinterpretations, she will order its revision and the correction of all those articles that have caused uneasiness among Nicaraguan journalists.

The regulation of technical aspects of radio air space will be maintained, the president said. She added that the ministers in her administration, "far from seeking to restrict criticism, are convinced that democracy works best when all people have a right to speak their minds."

For his part, during a breakfast with journalists Minister Lacayo reaffirmed President Chamorro's statements. He said that this decree is not intended to undermine freedom of speech and if something must be done to avoid misinterpretations, it will be done, because freedom of speech is a principle guaranteed to the Nicaraguan people by President Chamorro.

Ignacio Briones Torres, president of the Association of Nicaraguan Journalists (APN), told the morning newscast of Radio Catolica that he had the impression that President Chamorro had not even read Decree 55-90 before signing it.

"That is my opinion," he said, "because had Chamorro read it she would have realized that the IAPA [International Press Association], of which she is a prominent member, states that no country shall have a law that restricts its journalists, and this law basically aims to control freedom of speech and thought in Nicaragua."

The APN president said, "I had voiced my concern that a law to undermine the freedom of the press would be upon us anytime."

Recalling history, he said that "Luis Somoza, in his first government act, repealed all restrictive laws against freedom of speech, and then his own government later introduced the Black Code on the grounds that we the journalists had gone overboard."

"It seems to me," Briones said, "that this decree is inspired by the Law on Security and Maintainance of Public Order, which was issued by the Sandinist Government on 20 July 1979. The law was also signed by Chamorro, who was at that time a member of the junta of the Government of National Reconstruction."

"All laws against freedom of speech and thought," Briones added, "aim to protect officials who are mishandling the goods of the people and the state."

Godoy Appointed Parliament Representative

PA0302185091 Managua Domestic Service in Spanish 1358 GMT 2 Feb 91

[Official communique from the Presidential Press and Information Directorate issued in Managua on 1 February]

[Text] The Presidential Press and Information Directorate reports the following:
1. In talks held today between President Violeta Barrios de Chamorro and Vice President Virgilio Godoy Reyes, the president confirmed her wish to appoint him as the government's representative in the process for Nicaragua's integration into the Central American Parliament, and he stated his agreement.
2. The president also requested the vice president's personal assistance in improving the rule of justice in Nicaragua to benefit all Nicaraguans, and this was also accepted by Dr. Godoy Reyes.
3. In the same meeting the president assured the vice president that he will have the necessary budget and facilities to carry out his role as representative.

Issued in Managua on 1 February 1991.

Managua Signs Cooperation Agreement With Norway

PA0202042691 Managua Domestic Service in Spanish 1330 GMT 1 Feb 91

[All figures as heard]

[Text] The Government of Nicaragua signed a cooperation agreement with the Norwegian Government on 31 January whereby this nordic country will grant our country $65 million for the 1991-93 period.

Out of that total, $15 million will go to bilateral cooperation, $4.2 million will be funneled through nongovernmental agencies, and $3 million will go to bilateral and multilateral projects, especially those that benefit sectors such as fishing, energy, and agriculture and livestock.

In the small-scale and large-scale fishing sectors, there will be rehabilitation of fishing plants in the Autonomous South Atlantic Region, where priority will be given to those units with social significance.

At the same time, projects will be created in the areas of agriculture and livestock to reinforce related services and technological development, while taking into account the role women play in the planning and implementation of the program's activities.

In addition to this, Norway maintains a volunteer program that involves 17 experts who are giving technical assistance to various sectors.

Minister Comments on Stabilization Program

PA0302183091 Managua BARRICADA in Spanish 29 Jan 91 pp 1, 5

[Excerpts] On 28 January, Economy and Development Minister Silvio de Franco reported on his first official meeting with IMF and International Development Bank (IDB) representatives and said that more economic restrictions awaited the Nicaraguan people.

De Franco stated that he believed the IMF and IDB specialists are aware of the seriousness of the economic crisis and how it "does not leave much margin to stabilize the economy."

The minister noted that the government has concluded that an economic stabilization program must be implemented, and it is discussing the details of such a program with World Bank, IMF, and IDB representatives.

"We will go nowhere without such a program," De Franco stressed, and added that government officials are working together with international banking specialists "to improve the program."

De Franco said the specialists have met with the representatives of all the economic and social sectors of the country. However, union leaders and the rest of the Nicaraguans have not received any information on this famous program up to now.

He was asked if Nicaragua had any possibility of receiving the funds to pay the amounts due international banks. De Franco replied: "It all depends on whether the country is really willing to tighten its belt and implement the stabilization program." [passage omitted]

The minister added that if the country does not implement the stabilization program, "nobody will be interested in financing Nicaragua (just) for the sake of it."

The world has said very clearly that Nicaragua must stick to the adage of "help yourself and I will help you," he noted, adding that this means we must continue to do most of the work so that the international community can start to give us the expected aid.

The United States has already offered $50 million to pay the amounts due. The main problem now, the official stressed, "consists in convincing countries such as Japan, Germany, the Nordic and European countries, and other countries that Nicaragua seriously wants to stabilize its

economy. If we manage to convince them of this by implementing concrete measures, we will receive the required financing."

The minister made these statements a few minutes after President Violeta Chamorro decided to eliminate the taxes on traditional agricultural-industrial export products and to deregulate foreign trade.

The articles that will no longer be taxed are: coffee, cotton, sugar, processed or unprocessed sesame seeds, beef, and sugar cane molasses. This decree will go into effect as soon as it is published in the official LA GACETA newspaper.

The foreign trade deregulation marks the end of the state's monopoly on the export and import of goods and services. As soon as the decree appears in LA GACETA, citizens and private companies will be able to buy licenses for foreign trade activities.

The economy and development minister will draft the foreign trade regulations and will determine how the foreign trade licenses will be issued, renewed, cancelled, and controlled.

The text of the official decree indicates that this government disposition "will not hinder valid international agreements on foreign trade or the Nicaraguan Central Bank's dispositions on foreign exchange distribution and other applicable norms."

President Violeta Chamorro believes these measures will grant more economic freedom and stimulate Nicaraguan producers and business sectors.

De Franco was asked about the possible impact of the Persian Gulf war on Nicaragua. He said there is enough oil to be secure "for a reasonable amount of time," but admitted that the "war generates a great deal of uncertainty."

If the situation gets worse, especially in regard to the supply of oil, De Franco said, "we are ready to adopt appropriate measures."

Central Bank Restricts Exchange of Gold Cordoba

PA0202034191 Managua LA PRENSA in Spanish 26 Jan 91 pp1, 16

[Text] The Central Bank has issued a communique which says that beginning 28 January, the gold cordoba will only be accepted for purchasing foreign exchange for imports, paying an airline, travel agency, duty free store, or the Nicaraguan Institute for Tourism and the Environment resorts.

This measure will eliminate exchanging gold cordobas for dollars, done regularly by government employees and other people who are paid in gold cordobas.

Central Bank President Raul Lacayo said last night on the government television newscast that the measure is intended to curb the speculation unleashed by the sale and purchase of foreign exchange on the black market.

Government employees who regularly receive gold cordobas exchange them for dollars at the banks to protect themselves against devaluations.

A government employee recently said, while waiting in a long line at the Real Estate Bank, that "we exchange the gold cordobas for dollars because when it is time to sell, we get a better price."

Some black market operators are having reservations about buying gold cordobas because they believe that they might be devaluated. Anyone exchanging gold cordobas for dollars must pay a two-percent commission.

The Central Bank communique says that the gold cordoba is legal tender and must be accepted as payment for all transactions on the national territory. It must also be accepted as payment for phone calls to the Nicaraguan Telecommunications and Postal Service Institute, and industrial enterprises, who because of their nature, are paid in U.S. dollars.

Retail merchants were wondering why should they accept the gold cordobas. They said, "we generally buy wholesale here in Nicaragua and do not import articles. Who is going to exchange the gold cordobas that the people give us.?"

According to the Central Bank communique, branch offices of the Real Estate Bank in Managua, and exchange brokers will accept the gold cordobas, beginning 4 February, but only for the purchase of foreign exchange to pay for imports.

Bermudez Accepts Representation of Resistance

PA0402213591 Managua Radio Corporacion in Spanish 2300 GMT 1 Feb 91

[Text] The former contra Colonel Enrique Bermudez has accepted an appointment to represent the former Nicaraguan Resistance before President Violeta Chamorro's government. Col. Bermudez accepted the appointment, proposed by the rank and file, after holding several meetings with leaders of former contra organizations, where they told him of their demands.

Col. Bermudez said: Given the lack of leadership within the Nicaraguan Resistance, I have accepted the appointment to contribute to the settlement of the demobilized rebels. I hope to count on the cooperation of leaders of former contra organizations to expedite the demobilized contras' incorporation into society and into the farming sector, stated Bermudez.

He noted that he will hold a meeting with the leaders of these organizations to reach a consensus, and then united, present their demands to the government.

During his second visit to Nicaragua, Enrique Bermudez met with the former contra leaders Commander Franklin [Israel Galeano] and Commander Ruben [Sobalvarro Garcia] to propose his role as representative of the demobilized contras, in light of Franklin and Ruben's official appointments to the government.

Panama

Endara Says Party Staying in Government Alliance

PA0402164991 Panama City EL PANAMA AMERICA in Spanish 3 Feb 91 p 1

[Report by Juan Pritsiolas]

[Text] President Guillermo Endara has said that statements by some of his fellow party members who have suggested the withdrawal of the Arnulfista Party from the government alliance "are unimportant." He added that if those statements had been made by someone with more influence the case would have been taken before the Disciplinary Council for illegally assuming the party's representation.

Not even I, as president of the Republic, can assume representation for the party because the president of the party is Jorge Pacifico Adames. He is the "only one who can speak on behalf" of our political organization, Endara stressed.

Colon Robles, a member of the Arnulfista Party, recently said that that party should leave the government's coalition because of its scarce participation in the government.

According to President Endara, the Arnulfista Party "fully supports the alliance," and has no intention of leaving it.

He also said that some people who claim to represent the rank and file "have never struggled within the party as other leaders having 30 and 40 years of membership have." Some individuals have only been members of the party for three months and yet believe that they can represent the rest of the members.

On another subject, Endara tacitly ruled out the possibility of appointing Gonzalo Menendez Franco, who is currently a magistrate of the Directorate for the Recovery of State Property (DRP), as chief of the Judicial Technical Police (PTJ).

"He is an excellent person and a great friend, but I believe that he is doing well" in his current position, Endara said when asked about his possible appointment as PTJ director.

According to Endara, there are "several candidates" (for PTJ director) but their names cannot be disclosed yet because it "still a big secret."

It is believed that current PTJ Director Leslie Loaiza, who will retire at the end of this month, will be replaced by a lawyer.

Comptroller General's Report on GNP Detailed

PA0202012491 Panama City LA ESTRELLA DE PANAMA in Spanish 29 Jan 91 pp 1, A-2

[Article by Claudio Herrera J]

[Text] According to a report issued on 28 January by the Office of the Comptroller General, the Gross National Product [GNP] of Panama showed an increase of 3.4 percent during 1990.

This information was disclosed during a news conference by Deputy Comptroller General Jose Chen Barria and Amilcar Villarreal, who is in charge of statistics and census in the Office of the Comptroller General.

The official report indicated "that the positive evolution of the GNP reflects the dynamism shown by sectors that are dependent on the national market."

The document stresses that "after displaying negative results during the two previous years, the Panamanian economy has shown signs of recovery in 1990 in most economic activities."

The report notes that the positive evolution also responds to the need to resupply (inventory replacement) the establishments that were affected by the events of late 1989. This will reactivate banking services, foster continuation of construction projects initiated in previous years, and encourage an increase in the export of goods.

"It is necessary to point out that with the exception of the Colon Free Zone and the export of bananas, those activities that are strongly related to external demand have all decreased." He also said that the most significant decrease in activity relates to the Transisthmian oil pipeline.

The commercial activity of the Colon Free Zone for 1990 increased by 20 percent, compared to the same period in 1989.

The general analysis prepared by the Comptroller's Office details development of the various economic activities that form the national economy:

Agriculture, forestry, game, and fishery:

This sector, as a whole, grew by 3.3 percent, thereby maintaining the recovery initiated in 1989.

—Agriculture: The agricultural sector increased by 5.7 percent as a result of growth in the following agricultural related activities:

Bananas: Activity with regard to the most important item in the country grew by 10.7 percent due to an

increase in exports to new markets, such as East Europe, improvement in international prices, and very little bad weather.

With regard to sugar cane, production increased by 6.1 percent in 1990 due to the reassignment of the sugar quota to Panama by the U.S. Government.

The production of other agricultural products, such as basic grains, vegetables, and fruit increased by 0.5 percent due primarily to the positive development of such basic grains as rice and corn.

Cattle breeding: This activity increased by 2.8 percent as result of improvement in the levels of bovine and hog slaughter. These categories grew by 7 and 12 percent respectively as a consequence of an increase in beef and livestock exports. The production of dairy products and eggs increased by 10 percent.

—Forestry: Its yearly rate of growth was 3.6 percent compared to the previous year, owing to an increase in the demand for timber for industrial use and the use of firewood due to migration from mountain and wooded areas, chiefly in the Bocas del Toro, Colon, and Darien Provinces.

—Fisheries: After a good year in 1989, this activity shows a marked drop (31.3 percent), due to the decrease in shrimp exports (34 percent) as a result of the loss of international markets and a 48 percent drop in the netting of fish to produce flour and fish oil.

—Mines and quarries: This activity shows a 33.3 percent recovery compared to the previous year, owing to the reactivation of the production of construction materials (22 percent) and the construction industry (24.2 percent), which utilize sand and stone, the chief components of this activity.

—Manufacturing industry: Manufacturing production rose 7.2 percent compared to 1989. This growth is based on the increase in almost all manufacturing activities, including food products, beverages, other consumption goods, construction materials, capital goods, intermediate goods, and petroleum products. At the root of this growth was the restocking of the inventories of the rest of the economic sectors.

—Electricity and water: The value added generated by the production of electrical energy shows a slight recovery of 2.1 percent, bolstered by an increase in residential and industrial consumption of 3.6 percent and 4 percent, respectively. In addition, the production of drinking water shows a small increase in 1990 with respect to the previous year, 0.9 percent.

—Construction: This branch of economic activity showed a significant improvement in 1990 by increasing 24.2 percent, compared to the previous year, after two years of steep decreases caused by the paralysis of investment in that sector.

The value of construction permits for 1990 increased 68 percent as a result of new investment from the private sector, mainly for non-residential projects.

—Wholesale and retail trade, restaurants, and hotels: Retail trade experienced a 16.6 percent increase generated by an increase in sales, caused by the population's increased consumption.

Restaurants and hotels showed a 7.4 percent increase due to the increase in the number of people staying in hotels and a greater consumption of food and beverage out of home stimulated by the greater affluence of tourists in the country.

—Transportation, storage, and communications: This sector, which represents 25 percent of the GNP, decreased 0.2 percent in 1990. This decrease was due to the activities of the Transisthmian pipeline and the Canal Commission (referring to fiscal period).

The Transisthmian pipeline and the Canal Commission decreased their activities 20.8 and 1.7 percent respectively.

The pipeline was affected by a decrease in barrels of oil pumped and the canal by a decrease in the gross tonnage of ships.

Meanwhile, land cargo and passenger transportation showed a 6.8 percent growth, which is explained by the reactivation of domestic commercial activity, construction work, and the Colon Free Zone—which has increased its aggregate value by 15 percent due to South American market expansion. Likewise, water transportation and related services reflected a positive aggregate increase of 15.4 and 13.1 percent respectively, due to increased cargo handling through the national port service (loading and discharging).

—Financial establishments, insurance, real estate, and service to businesses: Overall, this activity grew 1.1 percent compared to the previous year.

Total banking activity showed a 1.3 percent growth, which corrects the negative trend of the two previous years. This growth is due to a significant increase in bank service commissions charged.

The remaining financial establishments (loan companies) grew 5.8 percent due to greater bank credit availability and the reopening of many businesses that closed at the beginning of the political crisis. Concerning insurance brokerage, an 18.2 percent decrease was observed due to a drop in premiums earned during 1990. The remaining services, such as real estate, home ownership, and services to businesses, showed slight growth.

Other services: Communal, social, and personal services increased by 4.4 percent due to a significant increase in cleaning and similar services, personal and home services, and to a lesser extent, private educational services (2.1 percent) and medical and similar services (1.9 percent). Nevertheless, this growth was curbed by the

reduction in amusement and entertainment, which dropped 1.6 percent, representing more than 40 percent of the sector. This was due to a strong contraction in aggregate earnings at the national casinos because of the closing of 18 such establishments and a reduction in racetrack betting.

With regard to government related services, the worsening of the 1989 negative trend was observed, with an average reduction of 6.3 percent of its aggregate value. This reduction is due to the great effect of the central government, representing 60 percent of the sector's aggregate value, which reduced its work force by 7 percent compared to the previous year. In addition, decentralized government institutions also significantly reduced staffing.

Panama City, 25 January 1991

Chorrera Representatives Protest Replacement

PA0102231991 Panama City LA PRENSA in Spanish 31 Jan 90 p 32-A

[Report by Elkilia Santos]

[Text] Several Chorrera District corregimiento representatives took over the municipal offices and paralyzed the Sanitation Department and the slaughterhouse in order to protest the appointment of Christian Democratic Party [PDC] Mayor Leonel Olmos, who is to replace Arnulfist Party Mayor Ceferino Espino.

Cesar Camarena, corregimiento representive for Chorrera's El Coco Corregimiento, reported that the municipal council had requested that President Guillermo Endara ratify Mayor Ceferino Espino in his post; instead, the president "pushed" Leonel Olmos, Camarena stressed.

According to Camarena, Olmos, who works as a municipal legal adviser, is not the right person for mayor because of his job references.

On the other hand, Ceferino Espino has the municipal council's support after his work of the previous year. During this period he managed to save over $250,000 [figure as published], the source said.

"To arbitrarily impose a mayor is a step backward because the municipal council will not approve anything he proposes," Camarena stressed.

At 0500 yesterday, the corregimiento representatives, with the backing of some municipal workers and Espino sympathizers, began their protest by blocking off the main road using government trucks. After a few hours had passed, cranes used by the Public Force removed the vehicles without further incidents.

PDC Legislator Raul Ossa explained that there is an agreement between the government parties to appoint several PDC mayors, therefore "I am surprised" at the protest.

Espino sympathizers are still inside the municipal offices, while Olmos' followers remain outside the building, demanding that either Endara or one of his representatives end the crisis.

U.S. Embassy Reportedly Meets With Opposition

PA0502035491 Panama City EL PERIODICO in Spanish 4 Feb 91 p 2

[Text] Panama City—Two envoys of the U.S. Ambassador to Panama Deane Hinton from the political section met over the weekend with the leadership of the Democratic Revolutionary Party (PRD) exactly five days after the crushing electoral defeat of the current Panamanian regime was made known.

PRD sources said that Colonel Richard Cooper and Alexander Margulies, the U.S. embassy's first and second secretaries of the political affairs section, expressed their bewilderment over the way the current regime is governing Panama and they noted the PRD's political importance as an opposition force.

The meeting was attended by PRD President Carlos Duque, Assistant Secretary General Pedro Pereira, and legislators Gerardo Gonzalez and Balbina Herrera, who briefed them at length on the country's current political situation. They also denounced the current regime's relentless political persecution of the opposition.

The opposition politicians blamed the U.S. Government for the errors committed in installing the current government through the force of the U.S. Army tanks.

The special guests went to the PRD's main office after requesting an urgent meeting. Although EL PERIODICO has not confirmed this, the two U.S. diplomats reportedly asked the PRD members to hold the meeting elsewhere.

At the meeting, Legislator Gonzalez stressed the political persecution and the fact that there are political prisoners in the country's jails without being charged with any crime.

A topic that took up most of the meeting was the 27 January elections, in which Guillermo Endara's government suffered an overwhelming defeat despite the U.S. Army's civic action programs in the areas where the opposition obtained clear victories.

Ambassador Hinton's envoys were also interested in hearing details about the PRD's reorganization and the desire for the unity of all its sectors. This was explained by Legislator Gonzalez, who emphasized the party's Torrijist position.

Argentina

President Menem Views Economic, Electoral Issues

PY0402193491 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 4 Feb 91

[Text] President Carlos Menem has denied that the new economic measures will neglect the government's struggle against inflation. He also pointed out that the general elections scheduled for October 1991 will not divert the course of his administration's plan to reduce public expenditures and implement state reform.

President Menem added that beyond any political pact or accord, involving party leadership or Congress, the national government is trying to hold talks with all the sectors of the community. He pointed out that recent shocks have not even made him lose his calm, but rather have strengthened him.

The president categorically denied that the measures announced by Economy Minister Domingo Cavallo neglect the control of the cost-of-living indexes, and he pointed out that there is no possibility that hyperinflation will return.

The chief of state therefore dismissed the assertions by a Buenos Aires morning newspaper stating that Cavallo's announcements meant that the struggle against inflation was no longer was a priority of the Menem government. This is totally incorrect, he said. We actually intend to combat this inflationary process, which has its ups and downs, Menem said.

President Menem added that state reform would continue to be pursued within the framework of an economy that will remain totally open, without any price or salary controls.

The president also announced that various state properties, worth about $300 million, will be sold and that the privatization of state enterprises that are totally deficit-laden, not only in the economic area but also in the supply of services, will be expedited.

Furthermore, the president said that there is no possibility the the electoral process will divert the course that his government set a long time ago. He said that by October, when the elections will be held, the country will be in a situation of very acceptable stability.

Dr. Carlos Saul Menem added that the national government will continue to help and assist the provinces, but not the way it previously did since the amount of funding the nation contributed was truly careless and immoral. We will continue assisting them; not with electoral goals, but because they really need to adjust their economies, the president said. He warned, however, that the provinces will have to implement an adjustment.

Economic Reform May Include Value Added Tax

PY3101233591 Buenos Aires BUENOS AIRES HERALD in English 31 Jan 91 p 5

["Sweeping fiscal reform planned"—HERALD headline]

[Text] (DYN-NA)—While Economy Minister designate Domingo Cavallo has so far only given broad indications of his tax reform plans, sources yesterday predicted that 20 taxes will be abolished and that the country's tax revenues will be derived principally from only five sources.

The key tax will reportedly be a new value added tax, applied at a general rate of 10 percent, rather than at 15.6 percent as at present. The tax will have a wider reach than currently, and will be charged as a tax on workers' salaries. The various contributions to pensions and social welfare now made by employees will disappear.

An additional tax of five percent will be charged on wages, so that total taxes on earnings for employees will be 15 percent.

A third tax will, supposedly, be a general profits tax, applied at a rate of 20 percent to all income not derived from employment.

The fourth plank of the programme, according to sources, will be a business "patrimony" tax, equivalent to 15 percent of wages paid by companies. This would be computed as the standard 10 percent value added tax plus an additional five percent charge.

Finally, there would be a system of taxes concerned with overseas transactions, which would be applied, among other items, to currency exchange, purchase and sale of registrable goods and possibly to overseas travel.

Under this new system, a whole swathe of indirect taxes and specific duties would go, such as levies on petrol, tobacco and alcohol, as well as capital taxes and taxes on goods from the provinces.

Additionally, the reform plan is said to include measures to change the administrative basis of tax collection. This would be taken out of the hands of the National Tax Bureau (DGI) and be made the responsibility of the banks.

Taxpayers would be obliged to nominate their responsible bank, which would then in turn be liable for making payments to the Treasury account at the Banco Nacion. Businesses would have to make tax payments with special "fiscal cheques" designated for the purpose.

The package is very similar to that proposed by the Mediterranean Foundation, created and directed by Cavallo, when President Menem first took office in 1989.

National Development Bank Chief Designated

PY0102164491 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 1 Feb 91

[Summary] Economy Minister Domingo Cavallo has designated Jorge Pereyra de Olazabal to head the National Development Bank.

State Enterprises Post 'Substantial Deficits'

PY0202001191 Buenos Aires BUENOS AIRES HERALD in English 1 Feb 91 p 5

[Text] (DYN)—The majority of the country's state-run enterprises recorded substantial deficits and lower revenues, undertook less investment, and provided a poor service in the last quarter of last year, a damming report from the State Comptroller's Office (SIGEP) has revealed.

The state electricity company, SEGBA, was the worst offender according to SIGEP. A drop in revenues of 240 million dollars left the firm with a deficit of over one billion dollars. Supply shortages as a result of problems with the electricity network were 30 percent up on 1989.

Ferrocarriles Argentinos [Argentine Railroads] saw a drop in its real charges of 4 percent, while the availability of engines was estimated to be 59 percent down on the previous year. Revenues amounted to 75 percent of outgoings, leaving the Treasury having to pick up the tab for salaries.

Sales by Gas del Estado fell by 6.5 percent compared to 1989, although the financial position of the firm improved when its two principal debtors—SEGBA and Agua y Energia [Water and Energy] paid off their debts at the end of September.

Encotel, the state-run postal service, increased sales by one percent on the back of higher prices, but the volume of activity was down by 40 percent, and investment fell by 87.6 percent.

Only YPF, the state oil company, raised output, with the volume of sales up by 1.9 percent. Fixed investment totalled 5.5 billion australs.

Brazil

President Calls for Cooperation in Economic Plan

PY0302001891

[Editorial Report] Rio de Janeiro Rede Globo Television in Portuguese at 2150 GMT on 2 February begins broadcasting a 10-minute recorded address to the nation on the government's economic policy by President Fernando Collor de Mello from Planalto Palace.

Collor begins by citing the measures adopted under the government's second economic package issued on 31 January. He then asserts that the country has to wage more battles against hyperinflation, saying: "To reach our destination—the end of inflation, economic growth, and social justice—we need the constructive participation of workers and society as a whole in the free exercise of their citizenship, as well as the responsible participation of the political class in the exercise of their mandates."

Collor goes on to say that when he assumed power, he courageously implemented a plan for economic reform to cope with inflation and that early in his government, the need for corrections to the plan was anticipated.

He then says: "The nation's future is at stake. I am certain that the government is doing what should be done and I am here today to reassert my confidence in the economic plan, which is fundamental to our economic stabilization. I am here to call on all those who feel responsible for our country's future to join this civic mobilization by watching prices, denouncing abuses, saving energy, and buying only what is essential. All sectors of society must participate."

Collor then voices his best wishes for the new congressmen and governors. He concludes his address to nation by reiterating his call for national support, saying that only together can the Brazilians build a great nation.

'Reference Interest Rate' Set at 5 Percent

PY0202020291 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 1 Feb 91

[Text] The February reference interest rate was set at 5 percent. The government has thus begun to implement the new economic measures. Today Minister Zelia Cardoso de Mello spent the day explaining them.

Bank representatives arrived first, very early. Industrialists and businessmen arrived later. The meetings went on all day. They all looked scared when they arrived, but they seemed slightly more relaxed after their meetings. Businessmen discovered that it was a good opportunity to renegotiate prices with industrialists; industrialists discovered that they will have a line of credit in banks to recoup their growth rates. Bankers were quite concerned because they were hit the hardest by the measures. Everyone had the same concern: the duration of the freeze. It will depend on businessmen's cooperation, Minister Zelia said.

The 5-percent reference interest rate announced by the Central Bank will be used to adjust savings and other investments and services. Reporter Monica Waldfogel is currently with Economy Minister Zelia Cardoso. Here she is live from Brasilia:

[Cardoso in progress] ...The rate is not so low that it will discourage savers and it is not so high that it will make money too expensive. These two factors determined our choice of a 5-percent rate.

[Waldfogel] Prices are frozen and interest rates are fixed at 5 percent. What if inflation is higher than 5 percent? Who will benefit and who will lose?

[Cardoso] Those who placed their money for a fixed amount will probably lose, in a sense, because they stopped buying and left their money at fixed terms. Those who purchased will win. But because we have a price truce, because as of today prices are fixed, we believe there will be none of that.

[Waldfogel] But that will not defeat our inflationary expectations. We have an economic value that is the 5-percent rate. Do you think that inflation will stay below that 5 percent?

[Cardoso] I said yesterday that the February inflation rate, which is measured by an index, is mathematically determined. Independent of the freeze, this index shows that the February inflation rate, measured as I said, will equal or exceed January's rate. But real inflation—that is, price increases during January—will be quite low. This is difficult to explain but it is a fact resulting from the way these indexes are calculated. It is important to note, however, that this rate is not related to past inflation rates. Amounts left in their savings accounts will not lose money.

[Waldfogel] But will this rate benefit the investor who places his money in the new overnight market, on a daily basis? Will he be paid the same interest rate if he invests in CDB's [bank deposit certificates]? And will those who borrow money from banks pay the same interest?

[Cardoso] No, because they will be participating in banks' normal operations. The 5 percent is a reference rate. Banks will place their CDB's according to the respective terms, with a certain interest rate. Those who receive the loan will have to pay each bank price and their risks. It will vary. Savers, however, will know that they will receive 5 plus 0.5 percent interest.

[Waldfogel] Thank you, Minister Cardoso.

Presidential Decree Creates Development Fund

PY0502002691 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Feb 91 Economic Section p 13

[Decree creating the Social Development Fund issued by President Fernando Collor in Brasilia; date not given]

[Text] The president of the Republic, exercising the authority vested in him by Article 84, paragraphs 4 and 6 of the Constitution, and taking into account Article 69 of Law 4728 dated 14 July 1965,

Decrees:

Article 1. A Social Development Fund [Fondo de Desenvolvimento Social] (FDS) is created as an account in the Federal Savings Bank (CEF) for the purpose of financing projects of relevant social interest, banning financing to agencies of the federal, state, and municipal sectors.
Paragraph 1. The sale of fund shares whose value increases daily to individual and institutional voluntary buyers is the source of FDS funding.

Paragraph 2. The daily value-increase rate of FDS share will be announced by the CEF.

Article 2. The financial conditions for loans with FDS resources will observe:
I. A repayment period compatible with the financial timetable of the approved projects;
II. Interest rates equivalent to:
a) The reference Interest Rate (TR) minus 12 percent a year, minimum;
b) The TR, maximum.

Article 3. The FDS will have a Trustee Council made up of a representative from:
I. The Social Action Ministry, who will act as chairman;
II. The Economy, Finance, and Planning Ministry;
III. The Central Bank of Brazil; and
IV. The Federal Savings Bank (CEF).

Single paragraph. The Trustee Council members will be appointed by the president of the Republic.

Article 4. The Trustee Council is charged with:
I. Defining sectorial and regional priorities to be observed in granting financing;
II. Setting the interest rate to be charged depending on project priority;
III. Approving each financing granted by the FDS;
IV. Approving its internal regulations.

Article 5. This decree becomes effective on the date of its publication.

Brasilia, [blank] of [blank] of 1991, 170th year of independence and 103rd year of the Republic.

Correction: Economy Minister Announces Measures

PY0102121091

The following corrections pertain to the item headlines "Economy Minister Announces New Measures," published in the 1 February Latin America DAILY REPORT, page 17:

Page 18, Column one, first complete paragraph, third sentence, make read: of public federal securities—for federal government financing—and public state securities in states authorized.... (changing "titles" to "securities")

Same paragraph, sentence four, make read: will authorize such securities in states which.... (changing "titles" to "securities").

Column one, second paragraph, first sentence, make read: include industrial development securities for those projects.... (changing "titles" to "securities")

Column two, first partial paragraph, first complete sentence, make read: industrial policy, the securities fund—which we are... (correcting terminology, removing editorial note)

Chile

Business Leaders Hail Lifting of GSP Sanction

PY0502001291 Santiago Radio Cooperativa Network in Spanish 2200 GMT 4 Feb 91

[Text] Business leader Juan Riveros has said that Chile's reincorporation into the U.S. GSP, Generalized System of Preferences, will benefit the industrial sector by $25 to $30 million.

The lifting of the sanction was announced by presidential spokesman Marlin Fitzwater at the White House this afternoon. Fitzwater reported that the decision was made by U.S. President George Bush. The U.S. customs office will be instructed to apply GSP regulations to Chilean products.

In Chile, the business sector reacted favorably to the U.S. decision. (Rosemary Yell), general manager of ASEXMA, the Association of Exporters of Nontraditional Manufactured Products, praised the successful outcome of the Chilean Government efforts.

[Begin (Yell) recording] It is a measure tremendously beneficial to our sector and to relations with the United States. The efforts by this government and by the previous administration have finally succeeded, thus favoring business and political sectors and, indirectly, the labor sector. [end recording]

She said that the companies that produce candies, wooden items, and hardware will be the main beneficiaries of the measure. She explained that the exporters who were affected by the sanction had to reduce the profit on their products to continue selling on the U.S. market; therefore, the lifting of the sanction will benefit them.

Juan Riveros, acting president of the Industrial Development Association, estimated the benefit that Chile will receive.

[Begin Riveros recording] The point is that the sanction was expected to produce a benefit of some $100 million, but it will not be that much. The benefit will be $25 to $30 million. [end recording]

Riveros said that the measure was good news and that it will improve the position of exporters of nontraditional products, adding that despite the delay, President Bush fulfilled his promise to lift the sanction.

Cardoen Company's Arms Deals Examined

PY0402003091 Santiago HOY in Spanish 28 Jan-3 Feb 91 pp 4-6

[By Carmen Luz Parot]

[Text] Last week the Chilean Foreign Ministry got in touch with the U.S. Embassy in a hurry. The ministry wanted to report that it had opened an investigation into the recent raid of the Sweesco company in Miami, which has been linked to the conglomerate of businessman Carlos Cardoen. The accusation by the U.S. police was very serious: They said they had prevented a shipment to Iraq of several molds for making fuses and detonators, which are labeled the "brains of a bomb." Sweesco tried to get the material through U.S. customs by declaring it to be washing machine parts.

In Chile, Carlos Cardoen tried to play down the raid. Only paperwork has been confiscated and so far none of the company's employees have been arrested. As soon as the news was confirmed, however, Cardoen unexpectedly interrupted his vacation in Vichuquen to travel to Santiago to convene an urgent meeting at noon. The situation is not simple. If his participation in the sale is confirmed, he could be declared an Iraqi agent by the Bush administration and all his properties in the United States could be confiscated. At the same time, Chile could be accused of breaking the embargo against Iraq—not for initiating it but for allowing it. Even worse, this is not the first time there have been suspicions of this nature.

Cisco, an office belonging to Cardoen which operated as a trader in Bremen, Germany, was raided last year by customs police on the suspicion that illegal exports were being made to Iraq. A similar incident took place in England. Cardoen was one of the main clients of Matrix Churchill, a British company that has been linked to significant Iraqi capital. This company produced machinery for numerical control, a key aspect in producing arms. Many of these parts went to Iraq, and this led to the arrest of executives from Matrix Churchill and the suspicion that Cardoen served as a connection for them.

Although it seems incredible, Chilean diplomats learned about the raid on Sweesco through the newspapers. This is not the first time the Foreign Ministry has learned about the sale of Chilean arms through the press. There is a reason for this precarious situation: the law on the control of arms and explosives passed by the military government and modified in 1987. This law is extremely liberal on the export and import of arms, because it was designed to offset the effects of the Kennedy amendment. The law establishes that arms exporters need only the authorization of the General Directorate of National Mobilization, a military organization subordinate to the Ministry of Defense. The Foreign Ministry's opinion is used only for consultative purposes. There is no law compelling the Defense Ministry to request the opinion of the Foreign Ministry, although it has done so on some occasions.

As noted by Jorge Berguno, director of the Foreign Ministry's Special Policy Department, the Foreign Ministry can oppose a deal for the sale of arms, but the Defense Ministry can authorize it anyway. In addition, Chilean exporters are not required to report the destination of their sales or to identify their buyers, thus leaving the Foreign Ministry without valuable information that could be used to adopt a position.

Summarizing, Chilean foreign policy can openly oppose Defense Ministry resolutions on arms sales, such as in the case of the deal with Taiwan, a country that is not

recognized by Chile. Another case had to do with the export of Cardoen arms to Ethiopia, a country experiencing a civil war. In 1987 the Defense Ministry authorized the sale of 1,000 bombs to this country. The Foreign Ministry did not receive any information on the deal. In 1990, under the current administration, the Foreign Ministry did not grant a second request to sell arms. It is not known whether the sale was finally approved by the Defense Ministry. The fact that the Ethiopian dictatorship is using Chilean-made bombs against Ethiopian peasants certainly discredits Chile.

But if arms exports are unrestricted, there is no word to describe the legal vacuum on the import of arms. The Foreign Ministry has no powers in this area (it receives no information on the type and origin of arms brought into the country). Regulations on the import of arms do not mention arms components, which are imported as spare parts without violating any law.

Berguno believes that this situation makes it easy for Chile to act as a middleman in triangle operations, a mechanism used widely in arms deals. This mechanism allows a country under an embargo to evade the restrictions with the help of third parties, both in selling and buying arms. The Foreign Ministry does not have the power to effectively control compliance with UN resolutions against a state. We are clearly referring to the case of South Africa [RSA].

South African Xerox Copy

In the case of Chile, while the Kennedy amendment was still in force the Armed Forces obtained British weapons through Oman, which acted as a middleman. Cardoen also acted as a middleman to sell South African weapons. Raul Sohr, a journalist and sociologist who may be the person who has most deeply investigated Cardoen, asserts that Cardoen has taken advantage of the RSA's situation as a pariah: "The Arab countries have expressed a certain solidarity with the anti-apartheid cause, which is part of their diplomacy. Cardoen took advantage of this fact and worked an opening for himself in Baghdad. He negotiated with the RSA and opened an enormous flow of weapons into Iraq. It was also more comfortable for Iraq to deal with the Chilean Government."

This is how Cardoen managed to associate with Fuchs, a South African company which has developed advanced electronic systems to produce detonators. Raul Sohr asserts that Cardoen did not manufacture these weapons but that he acted as a middleman: "The catalogs of Cardoen Industries and the RSA are identical. Not only the text, but also the drawings. They are a Xerox copy of the South Africans' catalogs."

This situation caused the United Nations to protest the manufacture in Chile of the G-5 cannon and its transportable version, the G-6. The story dates back to beginning of 1989, when the Chilean businessman tested his artillery in the Atacama Desert in the presence of South African Defense Minister Magnus Malan. Cardoen had obtained a license to produce the cannon through Armscor, the main South African weapons company. The United Nations reacted: The cannon parts were being exported by the RSA and Chile was assembling them. Despite the deal, only four cannons were imported from the RSA and none were exported. At the same time, Iraq obtained 400 of these South African cannons. "One may suppose," Sohr says, "that Cardoen Industries acted as middleman."

Another diplomatic problem came up when Cardoen tested a deadly FAE (Fuel Air Explosive) [preceding three words given in English] bomb, known as "the poor man's atomic bomb": Before exploding, it sucks up the air of the atmosphere, together with the eyes and organs of people within its wide range. The test was condemned by Argentine and Peruvian institutions and was the subject of great debate in the Bolivian Senate. Chile has not signed the UN convention against inhumane weapons, in which category the FAE bomb belongs.

The most serious problem lies in the fact that, as Ambassador Jorge Berguno has said, the Foreign Ministry has no control over the Armed Forces weapons industry, especially Famae [Army Ordnance]; Asmar [Naval Docks and Yards] of the Navy; and Enaer [National Aeronautical Enterprise] of the Air Force. Remember the scandal that arose over the "Iran-Corfo" [Production Development Corporation] case.

Emilio Meneses, a professor at the Political Science Institute of the Catholic University, has said: It seems that although the law does not identify those who are guilty, "nobody is innocent here. Not Cardoen, the Defense or Foreign Ministries, nor the executive branch." In other countries, Meneses has said, decisions on the weapons trade are handled directly by the presidency or the presidential secretariat. "I am not saying that this kind of trade should not exist, but any kind of similar transaction should pass through several military and political controls."

Raul Sohr adds: "This is a very serious problem. The Foreign Ministry should have a strong say in this because the foreign policy of a country is closely connected with its arms trade."

In view of this situation, the investigation opened by the government following the Miami raid must verify if the casts were Chilean and if they left the country after the UN resolution on the embargo on Iraq—signed by Chile last August—was passed. If this is the case, Berguno says Chile could be accused of violating this embargo due to its inefficient internal control.

Cardoen recently expressed his intention to abandon the arms business. Perhaps he has already removed his pictures with Saddam Husayn, his best client, from his office. The point is that more than a cosmetic change is needed to repair the damage done to Chile.

Colonia Dignidad's Legal Status Revoked

PY0202010491 Santiago Radio Nacional de Chile Network in Spanish 2200 GMT 1 Feb 91

[Excerpt] Through a supreme decree, the government has revoked the legal status of the private corporation called the Dignidad Welfare and Educational Society. The government's decision is based on the society's noncompliance with the objectives for which it was given legal status. The society is also adjudged to have repeatedly committed serious violations of its own statutes. The long document was read by Interior Under Secretary Belisario Velasco before Interior Minister Enrique Krauss and Justice Minister Francisco Cumplido. The decision was made after an exhaustive judicial investigation.

[Begin Velasco recording] Several irregular proceedings were uncovered during the investigation into the society's operation and into its compliance with its status. Furthermore, it committed several violations of law, labor, revenue, recruiting, and health obligations imposed by the current law. [end recording]

The communique notes that the revocation of Colonia Dignidad's legal status puts an end to an enclave which for 29 years has tried to be a state within a state, imposing on its members a life-style incompatible with Christian-Western concepts. [passage omitted]

Further on Society

PY0502004291 Santiago Radio Cooperativa Network in Spanish 2200 GMT 4 Feb 91

[Text] The government has made no decision on the possible cancellation of the residence visas of some Colonia Dignidad leaders, in the event that it is found that crimes have been committed. This statement was made by Interior Minister Enrique Krauss, who was asked about the subject.

[Begin Krauss recording] That is a rule that applies to all foreigners who arrive in Chile. If tangible evidence is found of activities that violate the law on foreigners, a visa can be obviously cancelled and the bearer can be expelled. I want to categorically state, however, that we are not studying any specific action in this regard and that we have made no decision on the subject. Consequently, to file writs of amparo in this regard is totally meaningless. Such action, however, could have been motivated by inner feelings of guilt. [end recording]

He added that the appropriate agencies are considering the legal instruments to be enforced if violations of tax, customs, or labor regulations are detected in the activities of Colonia Dignidad and its related corporations.

January 1991 Inflation Figures Released

PY0402191991 Madrid EFE in English 1625 GMT 04 Feb 91

[Text] Santiago, 4 Feb (EFE)—Chile registered inflation of 0.4 per cent in January, the lowest monthly rate since President Patricio Aylwin took office in March 1990, according to official statistics released Monday.

The January rate compared with the 2.5 per cent rise in prices recorded in the same month last year and brought inflation for the past 12 months to 23.1 per cent, according to figures given by the National Institute of Statistics.

Price rises have remained under one per cent for the past three months, reflecting what government officials say is the success of the Aylwin administration's anti-inflationary measures.

The government has targeted an inflation rate of under 20 per cent for this year, compared with the 27.3 per cent registered in 1990.

Colombia

'Extraditables' Issue New Communique

PA0402191791 Bogota Inravision Television Cadena 1 in Spanish 1742 GMT 4 Feb 91

[Text] In their latest communique, released this morning, the Extraditables say that they are not pressuring the national Constituent Assembly in their deliberations, but add that holding hostages is another one of the political-military actions that they have used over the past eight years in the struggle against the violation of human rights and against extradition.

The Extraditables claim that they are a waring party in the country's conflict, therefore, they want to respectfully present some of their proposals, which include:
The election of regional prosecutors with the power to deal with human rights' affairs.
The creation of detention facilties which would be monitored by the Attorney General's Office.
Trials for policemen and officers by civilian authorities.
Laws forbidding the extradition of Colombian nationals.

The Extraditables say that about 100 followers are being held in jails throughout the country for the same crimes that other citizens have been pardoned.

The Extraditables respectfully request the formation of a commission authorized to hear their proposals and they reiterate their decision to maintain a unilateral truce, and as a gesture of good will, they will release one of the hostages over the next few days.

ELN Claims Responsibility for Terrorist Actions

PA0402192691 Bogota Inravision Television Cadena 1 in Spanish 1746 GMT 4 Feb 91

[Text] A group of the so-called Army of National Liberation, the self-styled "Solidarity With the Heroes of Palestine," has claimed responsibility for two terrorist actions that occurred last night in Itagui Municipality, Antioquia Department.

Unidentified individuals attacked a Mormon Church and an Israeli- owned manufacturing plant. Luis Carlos Hincapie has this report.

[Begin Hincapie recording] Two dynamite attacks were carried out early this morning in Itagui Municipality, south of the metropolitan area, causing damage estimated at 8 million pesos. Two medium-intensity bombs exploded inside the Masel factory, owned by Israeli citizen Daniel Yanovich, causing considerable damage to the administrative offices.

According to police reports, several telephone threats had been received.

Almost simultaneously, another bomb exploded at a Mormon Church located only two blocks away from the leather factory. The damage there was minimal, as the building has very strong foundations. Residents in that area also confirmed that threats had been received before the attack.

An ELN urban commando, "Solidarity with the Heroes of Palestine," has claimed responsibility for both terrorist actions; the group is protesting U.S. and Israel's involvement in the Persian Gulf conflict. [end recording]

EPL Commanders Meet With President Gaviria

PA0502031391 Bogota Inravision Television Cadena 2 in Spanish 0000 GMT 5 Feb 91

[Text] Evidently nervous because of the tight security surrounding them, three EPL [Popular Liberation Army] representatives—Bernardo Gutierrez, Dario Mejia Giraldo, and Jaime Fajardo—arrived at 1100 today at the Palace of Narino to meet with President Gaviria.

[Begin recording] [Unidentified reporter] How did your meeting with the president of the Republic go?

[Gutierrez] Fine, very well. We are here to work for peace and democracy in this country. [end recording]

The EPL-Gaviria meeting was not very ceremonial. Following the greetings, they went straight to the point. The guerrillas want to participate in the Constituent Assembly. However, they must first lay down their weapons before they have a right to vote in the Constituent Assembly.

Perhaps a bit more relaxed than when they first arrived, the EPL delegates left the meeting and talked to the local and international press.

[Begin recording] [Fajardo] Today we are ratifying an agreement. We are voicing the EPL's willingness to culminate this peace process on 1 March when we will lay down our weapons. We also need to begin exchanging our viewpoints on the Constituent Assembly.

[Gutierrez] We feel great. We feel that there will be changes, and we are very excited now.

[Mejia] We feel that our arrival at the Palace of Narino marks our meeting once again with all of our people from whom we had been separated due to our activities. Therefore, we are very happy to be here once again with our people, fighting for the changes our country needs. We will do this now in a more civilized manner and not through the armed struggle. [end recording]

When the Constituent Assembly is installed tomorrow, a decree will be announced whereby the government will pardon the 2,000 rebels who on 1 March will lay down their weapons.

Explosions Damage Mormon Temple, Leather Plant

PA0402135391 Hamburg DPA in Spanish 0655 GMT 4 Feb 91

[Text] Bogota, 4 Feb (DPA)—The privately owned radio station Radio Caracol has reported that a Mormon temple and a leather manufacturing plant, located in Itagui, 200 km west of Bogota and owned by Israelis, were attacked with explosives last night. The group, "Heroes of Palestine," unheard of until now, have claimed responsibility for the attack.

The radio station, which cited the Itagui police, said that the explosions claimed no victims and only caused minor damage. Itagui is close to Medellin, Colombia's second largest city.

According to other sources, the Mormon temple is "closely" linked with U.S. organizations. Two weeks ago, unofficial sources reported that Colombian rebels planned to unleash a number of attacks on U.S., European, and Israeli targets in order to protest what they called "the Allies' aggression against the friendly peoples of Iraq and Palestine in the Persian Gulf."

Paraguay

President, Minister Praise Lifting of Sanction

PY0402211091

[Editorial Report] Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish at 1943 GMT on 4 February is monitored in progress broadcasting live coverage of a reception at the home of Paraguayan President Andres Rodriguez in Asuncion. Among those present are the Paraguayan president, U.S. Ambassador Timothy Towell, and Paraguayan Foreign Minister Alexis Frutos Vaesken.

Rodriguez says that he has just been notified of the U.S. decision to lift a GSP [Generalized System of Preferences] sanction on Paraguay. He notes: "I feel very happy, and I wish that through this medium I can convey to the U.S. Government my acknowledgement and my very sincere gratitude."

Ambasador Towell then gives some details of the U.S. Government decision.

President Rodriguez points out that the U.S. decision was made on the anniversary of the coup that produced a government changeover in Paraguay. He adds: "The U.S. market is as of now open to exporters, who can sell their products without paying tariffs. I believe this is a contribution to the Paraguayan economy."

Replying to an unidentified reporter's question as to whether the U.S. decision implies political recognition of the Paraguayan process, Rodriguez says: "Right, I consider that it is a Paraguayan political achievement that will also imply an economic contribution to our country's development."

Foreign Minister Alexis Frutos Vaesken adds: "I wanted to express our gratitude and our happiness over the notification of the lifting of the sanction on Paraguay. I was thinking of reiterating what the president said but from the viewpoint that this measure reflects and confirms that there is confidence in the process that our country is experiencing. This process has allowed us to change the circumstances that led to the imposition of this sanction. This measure implies acknowledgement of the fact that harassment of the labor sector has ended, that the right of association and the right to create unions are respected, and that the situation of workers with respect to the branches of government has undergone substantial change. I believe that this is the meaning of this measure. In addition, it facilitates the access of our products to the U.S. market. This will call for responsible action from our exporters, because now they have an opportunity that they did not have in the past. In general, we are happy that this measure was announced on a significant date—San Blas Day—which marks the second anniversary of this government's advent to power."

After brief closing remarks by Ambassador Towell and president Rodriguez, coverage ends at 1952 GMT and the station returns to its regular programming.

Colorado 'Militants' Released From Detention

PY0402204391 Asuncion ULTIMA HORA in Spanish 1 Feb 91 p 6

[Text] After a clear warning from the national government that the leadership of the "militant" faction [of the Colorado Party] must not act in politics, at least until 1993, Martin Chiola and Bader Rachid Lichi said this morning that they will continue actively working in the political scene. They made these statements after being released from the Police Headquarters. They also said that they will not reject the invitation they received from the "autonomous" sector [of the Colorado Party] to participate in party activities.

After leaving Police Headquarters, Martin Chiola said that Police Chief General Francisco Sanchez told us that "we are not authorized to work in politics until 1993, but we told him that we will adjust our activities to what is established by the citizen's rights and obligations granted by the constitution and the law," he said.

Chiola added: "This means that no one can deprive us of our political and civilian rights." Regarding the prohibition that the "militant" leadership may begin to work only in 1993, he answered, "I am part of the 'militant' and Colorado people. Those were statements made by the president (Rodriguez), and I think that our activities will be adjusted to the law; therefore, we will continue working," he said.

In turn, Bader Rachid Lichi said: "The detention was an irregular and unconstitutional procedure. Furthermore, we totally disagree with the statements made by the chief of state. We have the right to express our opinion. We are not violating any constitutional provision," he said.

Rodriguez on Detention of Militant Leaders

PY0402181391 Asuncion ULTIMA HORA in Spanish 1 Feb 91 p 6

[Text] President Andres Rodriguez has personally assumed responsibility for the detention of the 'militant' [Colorado Party faction] members Martin Chiola and Bader Rachid Lichi, who were detained yesterday afternoon in San Estanislao where they attended a political rally.

The two arrested militants, who were active Colorado leaders during the harshest times of Stroessner's regime, have been participating in rallies organized by the 'autonomous' sector of the 'traditionalist' Colorado Party faction headed by [acting Colorado Party chairman] Luis Maria Argana. Chiola delivered a speech during the rally yesterday.

Rodriguez confirmed that he ordered the detention of the mentioned Stroessnerists. The president said: "Yes, it was my order, I assume responsibility for that. We have told them before that because they are part of the 'militant' leadership—they are among the founders and sponsors of that Colorado Party faction—they have to wait. We will make them wait at least until my government periods ends, and then they may go into politics if they want."

Rodriguez categorically asserted that under no circumstances "will we allow them the proud privilege of standing by the side of our party fellow members or allowing them to appear in rallies with them. Only two years have passed since the Armed Forces had to face them. Can we forget, in just two years, the commitment of the spilled blood of our dead who dislodged these people that actively participated in the leadership?"

Rodriguez clearly stated that this prohibition from participating in politics does not affect the 'militants.' He said that all fellow party members may join any of the internal currents and participate in rallies. "This is not prohibited, only the 'militant' leaders are affected," he said.

The chief of state stressed that 'militants' may participate in politics. He said: "The leaders, like Chiola and Rachid Lichi who are now detained, are the only ones affected."

The Paraguayan president said that this measure is simply another reprimand. He said: "I will order their release, but they must learn that if they exhibit their prepotency again we will detain them for longer periods of time so that they will not forget things so quickly."

Regarding Argana's statement that the 'militants' are welcome to the party, Rodriguez categorically said: "That is his business."

Peru

Arabs Reportedly Interested in Mirage Fleet

PY0502022091 Madrid EFE in Spanish 0148 GMT 5 Feb 91

[Text] Lima, 4 Feb (EFE)—An official source told EFE today that an Arab group opposing Iraq had offered to purchase Peru's fleet of 12 "Mirage 2000" combat aircraft.

It seems that the proposal was made on behalf of the United Arab Emirates three months ago, in the midst of the Persian Gulf crisis that later on sparked war.

According to the Peruvian media, the negotiators offered $600 million for the previously mentioned 12 aircraft, including the maintenance equipment, among which is a flight simulator to train pilots.

The official source said he did not know whether the offer was renewed after war broke out, and he added that it could take up to two years to decide whether to sell the aircraft or not.

The source added: "Anyhow, the Peruvian Government has no intention of getting rid of the 'Mirage' aircraft."

In 1983 the Peruvian Government agreed with the French enterprise "Dassault", that builds the Mirage, to purchase 24 "Mirage 2000", but Peruvian President Alan Garcia later decided to cut the order by half.

The magazine SI stated that in view of this reduction, the French enterprise failed to deliver a shipment of spare parts for three years, which is the reason for the "Mirage" fleet's current operational problems, according to the magazine.

Government Confines Police to Barracks

PY0402205091 Madrid EFE in English 1845 GMT 4 Feb 91

[Text] Lima, Feb 4 (EFE)—The Peruvian government Monday ordered police to remain in their barracks in response to an illegal strike threat by the security force to press for wage hikes.

Tuesday's strike call by clandestine union leaders of the 100,000-strong National Police force comes amidst a wave of leftist rebel attacks linked to opposition to the U.S.-led offensive in the Gulf to push Iraqi troops out of Kuwait.

The police are also pressing for an end to the organization's military set-up, under which all stoppages are illegal and considered acts of rebellion.

Interior Minister Adolfo Alvarado said the Armed Forces would be called on to maintain public order in the absence of the police.

Leftist Tupac Amaru Revolutionary Movement rebels have allegedly carried out several bomb and rocket attacks on U.S. interests in Lima in the past ten days.

Alvarado denied Sunday that a walkout was planned but acknowledged the possibility that a group of recently-fired top security force officials might be trying to stir up a mutiny.

Guyana

CET Legislation Passed, Waiting Hoyte's Signing

FL0502002191 Bridgetown CANA in English 2044 GMT 4 Feb 91

[Text] Georgetown, Guyana, Feb 4, CANA—Guyana on Monday moved a step closer to implementing the Common External Tariff (CET) of the Caribbean Community (Caricom) when related legislation was approved by the National Assembly.

The Customs Amendment (number 2) Bill 1990 came up for its second reading at the sitting of Parliament and received unanimous approval. Piloted by finance minister, Carl Greenidge, the 742-page bill paves the way for the full implementation of the CET.

The bill now awaits presidential assent from President Desmond Hoyte to become law. Customs chief Clarence Chue said he hoped to implement the CET by next Monday once presidential assent is given.

The bill sets out the rates of duty under the CET, which is a set of tariffs giving goods produced in Caricom an advantage over imports from third countries. Its aim is to boost intra-Caricom trade. The CET originally was scheduled to take effect in all Caricom member states on January 1. Only Trinidad and Tobago so far has introduced the measure.

Parliamentary Violence Ends in Expulsion Attempt

FL0502015091 Bridgetown CANA in English 2122 GMT 4 Feb 91

[By Urrell Wilkinson]

[Text] Georgetown, Guyana, Feb 4, CANA—The ruling People's National Congress (PNC) is seeking the expulsion of an opposition parliamentarian who hurled a glass of water at speaker Sase Narain during a stormy sitting of the National Assembly early last month.

Leader of government business, regional development minister Jeffrey Thomas, on Monday introduced a

motion to have People's Progressive Party (PPP) backbencher Isahak Basir expelled "from the service of the National Assembly."

The uproar in Parliament involving PPP MP's [members of parliament] occurred after Narain refused to allow opposition leader Dr. Cheddi Jagan to speak. In a fit of rage, Jagan banged ashtrays on the table, pushed law books to the floor, and accused the speaker of being a "hack" and a "fraud." Jagan, who has been barred from speaking in Parliament since 1988, after refusing to apologize to the speaker over an incident, also accused Narain of being a "dictator" and said he should not be occupying the office of speaker.

Basir tore up a copy of the controversial Constitution Amendment Bill which was then being debated, shouted abuse at government ministers, and hurled the glass of water at the speaker. Even though the glass landed less than three feet from the speaker, it was deemed a "technical assault" by Attorney General Keith Massiah, whose presentation of the bill was constantly interrupted by the opposition.

Narain urged Thomas to discuss the motion at another sitting since it was being tabled on a supplementary paper instead of the order paper, which deals with Assembly matters. Narain called on the clerk of the Assembly to ensure that the notice of explusion be given to Basir.

Basir was absent from the sitting due to an announced boycott of Parliament by all the opposition parliamentary parties to protest the government's decision to extend the life of Parliament through the Constitution Amendment Bill.

Kwayana Resigns in Protest

FL0502020191 Bridgetown CANA in English 2152 GMT 4 Feb 91

[Text] Georgetown, Guyana, Feb 4, CANA—Eusi Kwayana, the sole Parliamentary representative of the opposition Working People's Alliance (WPA), on Monday announced his resignation from the National Assembly.

Kwayana, a co-leader of the WPA, told reporters his decision was to protest the government's decision to extend the life of the current Parliament until September at the latest in order to allow preparation of a new voters list based on house-to-house renumeration. Forthcoming general elections will be based on the new voters list.

The extension of the life of Parliament was effected last month through an amendment to the Constitution. The current Parliamentary session would have expired on Saturday if the Consitution had not been amended.

The main opposition People's Progressive Party (PPP), which also has come out against the extension, said it would withdraw from Parliament on a phased basis in protest. Spokesmen said the party would participate in National Assembly debates only when electoral matters are being considered.

Opposition parties, which have repeatedly accused the government of rigging elections, had pressed for a voters list to be prepared on the basis of a house-to-house enumeration to ensure the forthcoming elections are free and fair.